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USSR Report

ECONOMIC AFFAIRS

No. 998



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PLANNING AND PLAN IMPLEMENTATION

NATIONAL ECONOMIC TARGETS FOR NEW FIVE-YEAR PLAN

Moscow EKONOMICHESKAYA GAZETA in Russian No 50, Dec 81 pp 11-12

[Unsigned article: "The USSR National Economy in the New Five-Year Plan"]

[Text] For successful work, we have: highly developed productive forces, social-political and moral unity of the Soviet people, a clear-cut strategy of moving forward embodied in the congress decisions. The present task is for the party to raise even more the level of organizational work in the field of economic construction.

The 11th Five-Year Plan must become--and is going to become--a glorious milestone on the road of historical achievements of the Soviet people.

L.I. Brezhnev. From the speech at the November
Plenum of the CPSU Central Committee

The Plenum of the CPSU Central Committee was held on 16 November 1981. The Plenum examined and for the most part approved drafts of the State Plan of Economic and Social Development of the Country for the 11th Five-Year Plan and the plan and the budget of the USSR for 1982. L.I. Brezhnev presented a major speech at the Plenum. It gave a comprehensive characterization and a political and social-economic evaluation of the 11th Five-Year Plan and of the plan for the second year of the five-year period; it also spelled out a concrete program of action for party organizations, labor collectives and for each Soviet individual.

The sixth session of the 10th convocation of the USSR Supreme Soviet adopted the laws "On the State Plan of Economic and Social Development of the USSR for 1981-1985," "On the State Plan of Economic and Social Development of the USSR for 1982" and "On the USSR State Budget for 1982."

Fundamental Tasks of the Five-Year Plan

The state plan for the 11th Five-Year Plan was worked out in accordance with "Basic Directions of Economic and Social Development of the USSR for 1981-1985 and for the Period to 1990" approved by the 26th CPSU Congress. It specified concrete ways and means of solving the chief task of the new five-year plan, which is to ensure further growth of the well-being of the Soviet people on the basis of

persistent, advancing development of the national economy, acceleration of scientific and technical progress and shifting of the economy to an intensive path of development, more efficient use of the country's production potential and all-out economy of all types of resources and improvement of quality of work.

The general economic indicators of the five-year plan are in accord with the targets set by the 26th CPSU Congress. The national income, utilized for consumption and accumulation, will grow in five-years 18 percent, industrial production volume—26 percent, gross agricultural production (in average annual reckoning)—13 percent, freight turnover of all forms of transport—19 percent.

The importance of each percent of increase will grow. During the 11th Five-Year Plan, absolute growths will be higher than during the preceding one for many indicators of development of the economy.

Absolute Growths During the 10th and 11th Five-Year Plans
(in billions of rubles)

	1976-1980	1981-1985
National income	74.5	78.5
Industrial production	122.	160.
Agricultural production (average per year)	10.2	16.4
Public consumption funds	26.0	28.0

Increases of absolute growths of production must be achieved with a marked reduction of growth of the number employed in the production sphere and growth of the volume of capital investments and of raw material and fuel and power resources. This attests to the growing role of intensive factors in the development of the national economy.

Policy of Intensification

The State Plan of Economic and Social Development of the USSR for 1981-1985 embodies the party's policy of growth of the country's economic potential, higher efficiency of the national economy and accomplishment of the transition of the economy to a primarily intensive path of development.

Such a course of development provides, first, for growth of production without an increase or reduction of the number of workers as a result of higher labor productivity and efficient use of labor resources.

Second, efficient use of fixed production capital, greater output capital on the basis of optimal load of capacities and full use of the resources of equipment.

Third, efficient use of material resources through reduction of materials intensiveness, greater output of final products per unit of material resources, reduction of losses and full use of wastes.

Fourth, higher quality of production, improvement of its use properties with reduction of outlays per unit of final product and growth of output of production of the highest category of quality.

The five-year plan sets high targets for indicators of production efficiency.

Rates of growth of labor productivity in industry, agriculture, construction and other sectors are stipulated as significantly higher than actually reached in the 10th Five-Year Plan. This can be seen from the table:

Growth of Labor Productivity (in percent)		
	1976-1980	1981-1985
In industry	17	23
In agriculture (public production; average annual growth)	15	23
In construction	11	15

During the five-year period, it is planned to obtain through growth of labor productivity about 90 percent of the growth of industrial production and the entire growth of agricultural and construction-installation work production.

For the national economy as a whole, it is planned to raise during 1981-1985 the productivity of social labor by 18 percent, which will provide for the five-year period 90 percent of the growth of the national income and specific savings of labor for approximately 17 million workers.

In 1982 compared to 1981, labor productivity in industry should increase 4.1 percent, in construction—3.5 percent and in railroad transport—1.6 percent.

To provide for the entire growth of production during the 11th Five-Year Plan through growth of labor productivity—such is the slogan beneath which the country's leading collectives labor.

The 11th Five-Year Plan sets the task of ensuring more efficient use of existing production capital and raising the efficiency of capital investments. An increase of production output with each ruble of fixed production capital of one kopeck ensures a growth of production of manufactured products in the amount of 5.4 billion rubles.

At the start of 1981, the value of fixed production capital in industry amounted to 551 billion rubles, or 48 percent of the country's capital, in agriculture—238 billion rubles and in transport and communications—239 billion rubles. During the 11th Five-Year Plan, the start-up of fixed capital through the means of state investments will total 627 billion rubles and grow 21 percent in comparison with the past five-year plan.

Capital Investments (in billions of rubles)

1981-1985	700
1976-1980	634

Capital investments in the national economy for all sources of financing have been set in the amount of 700 billion rubles for the five-year period.

At the same time, the initially specified volume of capital investment in construction and installation work has been considered advisable to be reduced by 30 billion rubles. It is therefore necessary to work for an increase in the yield of resources designated for expansion and improvement of the country's production potential.

State capital investments will comprise 618.4 billion rubles and grow 11.2 percent compared to the 10th Five-Year Plan.

With an increase in the total volume of capital investments of 10 percent, the plan provides for an 18-percent growth of the national income. This shows that a policy of better use of all resources has been made the basis of the plan.

There is an increase of capital investments allocated for the modernization and re-equipment of existing enterprises. They are to grow 21.2 percent over the five-year period, and their relative share among capital investments in production construction will comprise 32.5 percent versus 29.2 percent in the 10th Five-Year Plan.

During the 11th Five-Year Plan, a large volume of work on modernization and expansion of existing enterprises and the construction of new enterprises in the light and food sectors of industry and for the creation of additional capacities for the production of consumer goods in sectors of heavy industry are expected to be completed.

In 1982, capital investments for the development of the national economy for all sources of financing will amount to 137.4 billion rubles.

The effective use of production fixed capital and active participation in the movement "We shall build ahead of schedule--we shall have start-ups ahead of schedule" constitute the most important task of labor collectives.

The 11th Five-Year Plan establishes higher targets than the preceding five-year plan for reduction of outlays of basic types of raw-material, fuel-power and other material resources. Every day, raw and other materials, fuel and electric power in the amount of one and a half billion rubles are expended in our country.

While 125 million tons of conventional fuel were saved during the 10th Five-Year Plan, in 1985 there should be achieved an economy of 200 million tons of conventional fuel. This is almost equal to the volume of production of fuel in the prewar year of 1940.

In machine building and metalworking, savings of rolled ferrous metals should amount to 8.5 million tons. Savings in capital construction of rolled metal should reach 2.1 million tons and cement--7 million tons.

Fuller use of secondary resources is also planned. This will make it possible to save more than 50 million cubic meters of round timber, a large quantity of synthetic rubber, wool, cotton and synthetic fibers and other forms of raw and other materials.

Concrete measures for increasing the regime of economy have been spelled out in a decree of the CPSU Central Committee and the USSR Council of Ministers "On Increasing Work on Economy and Rational Use of Raw-Material, Fuel-Power and Other Material Resources."

Meaning of 1 Percent of Economy
of Material Resources for Growth
of National Income (in billions
of rubles

1975	4.9
1985	7.0

The relative share of products of the highest category of quality will increase significantly during the 11th Five-Year Plan. Today the Seal of Quality appears on more than 85,000 industrial products, which is threefold that in 1975. According to data as of 1 July 1981, the share of products of the highest category of quality in the total volume of manufactured products is roughly 16 percent versus 5.2 percent in 1975. In machine building, more than 38 percent of the products are produced with the state Seal of Quality.

Number of Products with the Seal of Quality and Relative
Share of Production of Products of the Highest Category
of Quality (in Percent) as of 1 July 1981

USSR Ministry of Power and Electrification	179	15.0
USSR Ministry of Petroleum Refining and Petrochemical Industry	1,663	42.3
USSR Ministry of Coal Industry	166	20.0
USSR Ministry of Ferrous Metallurgy	1,289	19.4
USSR Ministry of Nonferrous Metallurgy	975	35.2
Ministry of Chemical Industry	2,784	31.2
Ministry of Fertilizers	11	30.1
Ministry of Heavy & Transport Machine Building	642	34.3
Ministry of Power Machine Building	259	28.3
Ministry of Electrical Equipment Industry	4,193	47.9
Ministry of Chemical & Petroleum Machine Building	1,474	37.5
Ministry of Machine Tool & Tool Building Industry	1,938	44.8

[continued on next page]

Ministry of Instrument Making, Automation Equipment & Control Systems	1,477	45.3
Ministry of Automotive Industry	1,940	42.1
Ministry of Tractor & Agricultural Machine Building	260	22.3
Ministry of Machine Building for Animal Husbandry & Fodder Production	95	38.4
Ministry of Construction, Road & Municipal Machine Building	481	29.8
Ministry of Machine Building for Light & Food Industry & Household Appliances	671	30.6
Ministry of Timber, Pulp & Paper, and Wood Processing Industry	1,832	15.6
USSR Ministry of Construction Materials Industry	1,394	14.5
USSR Ministry of Light Industry	40,194	13.3

In 1985, the relative share of products of the highest category of quality at the Ministry of Electrical Equipment Industry, for example, is scheduled to reach 51 percent, at the Ministry of Automotive Industry--43 percent, the Ministry of Heavy and Transport Machine Building--37 percent and in the footwear industry--26 percent.

The struggle for high quality of products should promote active participation on the part of each worker for turning over products on the first presentation and for outstanding fulfillment of each operation.

Scientific-Technical Progress

The five-year plan provides for further acceleration of scientific-technical progress—one of the decisive factors of intensification of production.

Capital-Labor Ratio (in percent)

	1980	1985
Agriculture	100	145
Industry	100	134
Transport & communications	100	125

Serious attention is paid in the plan to the reequipping of all sectors of the national economy with high-efficiency equipment and growth of the capital-labor ratio. As can be seen from the table, the capital-labor ratio in industry will increase 34 percent, in agriculture--45 percent and at enterprises in transport and communications--25 percent.

The rate of automation of production will grow during the 11th Five-Year Plan. More than 2,700 automated control systems of manufacturing processes and 7,300 computer complexes on the base of microprocessors and minicomputers will go into operation.

Automatic manipulators (industrial robots) will be widely used in all sectors of the national economic. It is planned to produce eightfold more of them than during the past five-year plan.

It is planned to increase the scale of introduction of labor- and capital-saving technological processes of working materials--electron-beam, laser, electroerosion, plasma-mechanical and spraying of powder coatings on machine parts. The production of items from metallic powders will exceed 3.1-fold their output in 1980.

In 1982, it is planned to put in production about 4,000 new types of machines, equipment, instruments and materials and to introduce more than 270 progressive technological processes and measures relating to scientific organization of labor.

The five-year plan includes basic targets for 170 scientific-technical programs, including for 41 special-purpose complex programs developed and approved by Gosplan USSR, the State Committee for Science and Technology and the USSR Academy of Sciences. Their ultimate task is the introduction of the most effective scientific-technical achievements into the national economy.

Industry

Industry is the basis of the country's economic power, intensification of all sectors of the national economy and raising of the people's well-being. The volume of industrial production in 1985 will exceed the 1975 level by more than 1.5-fold.

Growth of Industrial Production (in percent)

1975	100
1980	124
1985	156

Special attention is being paid to the development of basic sectors of industry, especially fuel and power.

Growth of Production of Electric Power, Petroleum, Gas and Coal

	1980	1985
Electric power, billions of kilowatt-hours	1,295	1,555
Petroleum, including gas condensate, millions of tons	603	630
Gas, billions of cubic meters	435	630
Coal, millions of tons	716	775

Compared to 1980, production of electric power in 1985 will grow 260 billion kilowatt hours. This means that the annual growth of electric power will be larger

than its production in 1940. More than 70 percent of the total growth of electric power is envisaged as coming from atomic and hydroelectric power stations and in the European part of the country--almost its entire growth.

In 1985, production of petroleum, including gas condensate, will amount to 630 million tons. There will go into operation 16,000 kilometers of petroleum pipelines and petroleum-production pipelines. Gas production will increase 45 percent. Three-fifths of its all-union production are planned to come from Western Siberia. There are to be built 48,000 kilometers of arterial gas pipelines versus 30,000 kilometers during the last five-year plan.

Fifty-nine million tons more of coal will be produced in 1985 than in 1980. Growth during the 10th Five-Year Plan was 15 million tons. Further development of coal production will be with the most efficient open method. About 132 billion rubles of capital investments, or 1.5-fold more than during the 10th Five-Year Plan, will be allocated on the whole for the development of sectors of the fuel-power complex during the 11th Five-Year Plan.

Machine building is considered to be the core of socialist industry. Production volume of machine building and metalworking will grow 1.4-fold. Productivity of the equipment being produced will on the average grow 1.3-1.5-fold, reliability and service life--25-35 percent.

Advancing rates of development are envisaged in the chemical and petrochemical industry. Its production volume will increase 32 percent. In the five-year period, production of synthetic resins and plastics will grow 68 percent and reach 6.1 million tons. The output of synthetic fibers and thread will be expanded by 36 percent.

The aim of the congress for an advancing growth of production of consumer goods will be sustained in the five-year plan. Their output will be increased 26.2 percent.

The production volume of light industry will increase 19 percent over the five-year period. The manufacture of goods enjoying mass demand will be expanded. Thus the production of cotton, woolen, silk, linen and other fibers in 1985 will reach 12.7 billion square meters or grow in the five-year period 18.2 percent; the production of knitted underwear and outerwear will increase 27 percent and that of leather footwear--11.7 percent.

The output of articles of cultural, everyday and household use will be increased 1.4-fold.

The production of manufactured products in 1982 will grow 30.4 billion rubles or 4.7 percent.

Agroindustrial Complex

The average yearly volume of gross agricultural production is planned to be increased by 13 percent during the five-year plan. In 1985, the production of this sector will reach 147.1 billion rubles versus 121.2 billion rubles in 1980.

The average yearly production of grain, meat and milk will increase.

Average Yearly Production of Grain, Meat
and Milk

	1976-1980	1981-1985
Grain (millions of tons)	205	239
Meat (dressed weight, millions of tons)	14.8	18.2 almost
Milk (millions of tons)	92.6	102

The average yield of grain crops during the 11th Five-Year Plan should be not less than 18.7 quintals per hectare versus 16 quintals during the 10th Five-Year Plan.

Deliveries of material-technical equipment to agriculture will increase significantly.

Deliveries to Agriculture (thousands each)

	1976-1980	1981-1985
Tractors	1,806	1,870
Trucks	1,342	1,461
Grain-harvesting combines	539	600

During the 11th Five-Year Plan, the output of agricultural machines will be increased 1.4-fold, including implements for the K-700 and T-150 tractors--1.8-fold. Accelerated development of machine building for animal husbandry and feed production will be continued.

In 1985 agriculture will receive 115 million tons of mineral fertilizers--40 percent more than in 1980.

Further expansion of work on land improvement is planned. The area of improved agricultural land will reach 36.3 million hectares by the end of the five-year plan, including irrigated land--20.8 million hectares and drained land--15.5 million hectares.

Much attention is devoted to measures of ensuring the preservation of agricultural products. Capital investments for the creation of storage facilities will grow 1.6-fold and for the construction of hard-paved roads on farms--1.4-fold. This will make it possible to save large quantities of fruits, vegetables and other produce.

Almost 190 billion rubles of capital investments, or more than 27 percent of their volume for the national economy, are planned to be allocated for the whole complex of work in agriculture during the five-year period.

The output level of the most important products of the food-gustatory and meat and dairy industry was determined on the basis of the targets for the production of agricultural raw material. The production of meat will grow 28 percent over the

five-year period, that of meat semifinished products--35 percent and that of dairy products--13 percent.

The volume of agricultural production according to plan in 1982 will amount to 136.5 billion rubles, which is 10.2 percent higher than the average yearly level for 1976-1980.

During the 11th Five-Year Plan, implementation will begin of a long-term comprehensive program of transport development. Freight turnover in all its forms is planned to be increased 19 percent and passenger turnover--15.5 percent.

Large funds are being allocated for the development of railroad transport, especially for increasing the throughput capacity of main lines with the heaviest freight traffic. During the five-year period, 3,600 kilometers of new railroads will go into operation, 15,000 kilometers will be equipped with automatic block systems and centralized traffic control, 5,000 kilometers of second track will be laid and 6,000 kilometers of railroad lines will be electrified. By the end of the five-year plan, through movement of trains will be opened throughout the entire length of the Baykal-Amur Main Line.

Freight turnover of maritime transport will be increased by more than 9 percent and motor transport of general use--by 33 percent.

The relative share of freight turnover using motor vehicles with diesel engines will be increased during the five-year period from 36 to 46 percent, which will provide a saving of more than 5 million tons of conventional fuel. Air-transport passenger transport will grow 28 percent.

In 1982, it is planned to increase the freight turnover of all forms of transport by 3 percent.

During the 11th Five-Year Plan, fuller satisfaction of the needs of the national economy and the population in regards to communications services will be provided. The length of intercity voice channels will be increased 1.8-fold and the number of telephones in cities and rural localities--1.3-fold, including those installed among the population--1.4-fold.

Growth of the National Well-Being

"Specific concern for the specific individual and his needs and requirements is the beginning and end of the party's economic policy," Comrade L.I. Brezhnev noted in a report at the 26th CPSU Congress.

The broad social program advanced by the party for the 11th Five-Year Plan is permeated with deep concern for the individual, his needs and aspirations. During this five-year period, resources designated for improving the well-being of the people will be significantly increased. There will be allocated for the new centralized measures for raising the living standard of the people 16.6 billion rubles by 1985, including about 10 billion rubles for raising the earnings of workers and employees.

During the five years, the consumption fund as a whole will be increased by 73 billion rubles and its share in the national income will reach 78 percent in 1985 versus 75.3 percent in 1980.

Average monthly earnings of workers and employees in the national economy will grow 14.5 percent over the five-year period. The earnings of kolkhoz farmers in collectivized farming will be increased 20 percent.

Average Monthly Pay of Workers and Employees
(in rubles)

1975	145.8
1980	168.9
1985	more than 193.0

Provision was made for raising the minimum wage to 80 rubles a month as well as of the rates and pay of workers and employees, first of all in production sectors of the national economy. In the coal industry, this measure will be basically completed in the first quarter of 1982.

In the satisfaction of the growing requirements of Soviet people, a growing role is being played by public consumption funds. In the final year of the five-year plan they will amount to 144 billion rubles--23 percent more than in 1980. These funds will be used for the implementation of centralized measures for increasing state aid to families with children and for the further improvement of the population's pension security. As a result of the realization of these and certain other measures, the situation will be improved for more than 4.5 million families with children and about 14 million pensioners.

During the five-year period, it is planned to train in VUZ's and tekhnikums 10.5 million specialists with higher or secondary specialized education. A complex of measures will be implemented for the development of public education and health care and the improvement of organization of recreation of workers.

Real income as a whole of the population will be increased 16.5 percent.

The supply to the population of foodstuffs and manufactured goods will be improved. Retail trade turnover of state and cooperative trade will be increased.

Ninety-three billion rubles are being allocated for housing construction. A total of 530 billion square meters of general housing area will be erected. In rural localities, 30 million square meters of housing will be built than during the previous five-year plan.

During the 11th Five-Year Plan it is planned to spend more than 10 billion rubles of state capital investment for the protection of the natural environment.

To Work Efficiently and in a Qualitative Manner

The fulfillment of large-scale tasks relating to economic and social development of the country demands of all labor collectives and each worker greater efforts for fuller utilization of existing reserves and possibility. At the present time, more than one hundred million people are taking part in the all-union competition that was launched under the slogan "To work efficiently and in a qualitative manner."

It is necessary everywhere that the targets of the five-year plan and the 1982 plan reach each worker, kolkhoz farmer and specialist. It is important to concentrate the attention of listeners on the successful fulfillment of counter plans and socialist commitments for the current year and to organize an effective search for reserves for the successful fulfillment of the targets of five-year plan and the 1982 plan and reserves for boosting efficiency and quality. "It is necessary to work better," Comrade L.I. Brezhnev emphasized at the November Plenum. "To better compile plans and to better fulfill them. To better organize production and to produce better. In a word, to work more efficiently. This, comrades, in the final analysis is basic, decisive."

The lofty duty of propagandists is to help their audience to master more profoundly the ideological richness of the speeches of Comrade L.I. Brezhnev and the documents of the November Plenum of the CPSU Central Committee and to determine their place in the nationwide struggle for fulfillment of the decisions of the CPSU Congress.

Fundamental Indicators of Economic and Social Development of the Union Republics During 1981-1985 (in percent)

Republics	Industrial production	Average annual agricultural production	Retail goods turnover
RSFSR	125	113	122
Ukrainian SSR	123	112	121
Belorussian SSR	128	111	123
Uzbek SSR	130	117	141
Kazakh SSR	125	112	125
Georgian SSR	131	122	133
Azerbaijan SSR	130	115	137
Lithuanian SSR	123	110	118
Moldavian SSR	132	122	127
Latvian SSR	116	113	117
Kirghiz SSR	122	109	127
Tajik SSR	127	112	131
Armenian SSR	131	111	130
Turkmen SSR	121	115	136
Estonian SSR	115	112	116

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INVESTMENT, PRICES, BUDGET AND FINANCE

LATVIAN OFFICIAL ON WHOLESALE, RETAIL PRICES

Riga SOVETSKAYA LATVIYA in Russian 10 Dec 81 p 2

/Interview with Chairman of the Latvian SSR State Committee on Prices Vilnis Iorenovich Sedols by a SOVETSKAYA LATVIYA correspondent; date and place not specified (LATINFORM): "Wholesale and Retail Prices"

/Text From neighbors and at work I have heard that a new increase of prices is planned. Lines for goods, which have always been in sufficient quantity at the counter, have appeared at the stores. The demand for coffee, vegetable oil, woolen knitwear and some other goods has increased. Are the grounds for these rumors?

M. Kalnynya, Riga

Our correspondent acquainted Chairman of the Latvian SSR State Committee on Prices V. I. Sedols with this letter. Here is what he said in response:

/Answer Only uninformed people can spread such rumors. To all appearances they have learned about the preliminary work which is being performed at enterprises and organizations in connection with the revision of the wholesale prices for industrial products, and, without having gotten to the heart of the matter, have become panicky. But, I repeat, it is a question of the wholesale prices, which, indeed, will be changed on 1 January 1982, and not of the retail prices.

/Question Vilnis Iorenovich, apparently it is expedient to explain what the difference is between wholesale and retail prices.

/Answer Wholesale prices are the prices at which state enterprises and organizations sell their products to other enterprises and organizations or to wholesale bases. In other words, they are the prices only for enterprises. They serve only for the contra accounts between associations, plants, factories and so on. The wholesale price is formed from the planned expenditures on the production of items and the standard profit of the enterprises, which ensures for them cost accounting activity and the formation of economic stimulation funds.

The mentioned wholesale prices plus the turnover tax, which is paid into the state budget, and the costs of trade for the sale of goods are the basis for the state

retail prices at which the population purchases goods in the trade network. It should be immediately stipulated that the retail prices in all instances are higher than the wholesale prices. Many food products, for example, milk, meat and butter, and some industrial goods, especially of the children's assortment, are sold to the population at a much lower price than they cost the state.

In conformity with the policy of the Communist Party of steadily increasing the well-being of the people, the stability of state retail prices for basic foodstuffs and nonfood consumer items is being ensured. The USSR State Committee on Prices has already explained that the retail prices for bread, baked goods and macaroni items, groats, vegetable oil, the main types of fish and canned goods, sugar, meat and dairy products are to remain unchanged. The prices for the formed assortment of fabrics, clothing, footwear and many other goods of everyday demand, as well as for basic cultural, personal and household goods, including televisions, radios, tape recorders, refrigerators, vacuum cleaners, washing machines and a large number of other items, are being kept unchanged.

The retail prices for fuel sold to the population and the current rates for electric power released to the population and for thermal energy for heating and supplying hot water to municipal service facilities are also being retained. Incidentally, from the example of the payments for thermal energy it is possible to clearly show what the difference is between the wholesale and the retail price. The thermal electric power stations of Riga, for example, at present release thermal energy to enterprises at a wholesale price of 6 rubles 65 kopecks per gigacalorie. But the population pays the city housing and municipal services 2 rubles 48 kopecks for the same gigacalorie of heat. The state makes up the difference in the payment, as it makes up the difference between the actual expenditures on the maintenance of housing and the rent.

/Question/ Why are the wholesale prices being revised?

/Answer/ The current wholesale prices for the majority of types of products have not been changed for about 12 years. Meanwhile in a large number of sectors of the national economy an increase of production costs under the influence of objective factors has been observed. Thus, in the fuel and mining sectors the process of the complication of the geological mining conditions of the extraction of petroleum, gas, coal and ores is occurring. In the previously developed regions of the country for them it is necessary to "penetrate" to a greater and greater depth, while in the search for new deposits it is necessary to move to more and more remote, hard to reach northern and eastern regions. This requires additional capital investments per unit of extracted fuel and raw materials and an increase of the expenditures on environmental protection.

There are also phenomena of the opposite nature. As a result of technical progress in electronics, some sectors of machine building and other sectors the expenditures on the output of products have decreased. The wholesale prices for their items have been reduced. For the assurance of the stability of the retail prices for agricultural products it is envisaged to maintain the current wholesale prices for the tractors, agricultural machinery, mineral fertilizers and electric power for production needs, which are being supplied to kolkhozes and sovkhoses.

An important place is assigned to wholesale prices in the set of measures outlined by the 26th CPSU Congress on the improvement of the economic mechanism. That is

why in the Basic Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990 it is written: "To improve pricing in the sectors of the national economy as an important tool of planned management. To increase the stimulating influence of wholesale prices...." To execute these instructions the new wholesale prices have been brought in line with the present conditions of the production and sale of products. The socially necessary expenditures on the production of one commodity or another and type of service are reflected most accurately in them.

/Question/ But will not the change in wholesale prices, Vilnis Iorenovich, adversely affect the assortment and quality of consumer goods?

/Answer/ On the contrary, it will have an improving effect. In issuing the assignment on the regulation of wholesale prices, the Soviet Government specially stipulated that they should stimulate the enlargement and updating of the list of mass consumption items in conformity with the demand of the population and should lead to the improvement of their quality and the increase of production. For these purposes the new wholesale prices guarantee enterprises the profitability of products, which ensures their increased interest in the expanded production of high quality items for the people.

The introduction of the new wholesale prices and rates on 1 January 1982 will promote the further increase of the efficiency of social production and the material well-being of the Soviet people. No increase will be made in the retail prices for foodstuffs and nonfood consumer items.

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INVESTMENT, PRICES, BUDGET AND FINANCE

TEMPORARY INSTRUCTIONS ON WHOLESALE PRICES, RATES FOR PRODUCTION SERVICES

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 10, Oct 81 p 14

/Article: "In the Belorussian State Committee on Prices"

/Text/ Temporary Instructions

Temporary instructions on the procedure of drawing up and establishing the prices and standards of the net output for consumer goods, which are produced from local raw materials and production waste, have been approved. The following is stipulated by them.

The wholesale prices for consumer goods made from local raw materials and production waste are established on the basis of the projected planned production cost and profitability of the main products of the enterprise for the given year, but not less than the standard profitability, which is established in accordance with the price list. For goods made from production waste the standard profitability (with respect to the full production cost less the direct material expenditures) can be increased wherever this is possible with respect to the level of the retail prices by up to 10 percent.

In those instances when the goods made from local raw materials and production waste meet in full the requirements of the standard specifications for the same goods made from full-fledged raw materials, but their production cost is lower, the wholesale prices for them are established on the basis of the expenditures in the case of the use of full-fledged raw materials.

If the goods made from local raw materials and production waste in their qualitative and technical characteristics conform to the All-Union State Standards, the All-Union Standards, the Republic Standard and the specifications for the same goods made from full-fledged raw materials and materials, the retail prices for which are specified in the price lists, these prices apply to them.

The standards of the net output for goods made from local raw materials and production waste, which are sold at the prices of goods made from full-fledged raw materials, may differ from the standards of the net output of the latter. The tentative standards of the net output are calculated in conformity with the Methods Instructions on the Procedure of Planning the Indicators of the Net Output (Standard), which were approved by USSR Gosplan, the USSR State Committee on Prices, the USSR Ministry of Finance and the USSR State Committee for Labor and Social Problems and

were submitted for approval to the USSR Central Statistical Administration, or in conformity with the sectorial methods instructions.

On the Rates for Services

Inquiries on the procedure of establishing the rates for services of a production nature are often received from enterprises and organizations. In this connection the Belorussian SSR State Committee on Prices reports that the rates for services of a production nature are established on the basis of the estimated costing of the expenditures and of the profitability which is stipulated by the plan for the given year, but not less than 10 percent and not more than 20 percent of the planned production cost, which includes all the expenditures of the enterprise. For the services, which are rendered by experimental shops, laboratories, production workshops and pilot plants, which are not carried on an independent balance sheet and are subordinate to scientific research, planning and design organizations, as well as to academic institutions, the rates are established in the amount of up to 10 percent of the profitability with respect to the planned production cost.

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INVESTMENT. PRICES, BUDGET AND FINANCE

NEW WHOLESALE PRICES TO STIMULATE PRODUCTION EFFICIENCY

Tallinn SOVETSKAYA ESTONIYA in Russian 9 Jan 82 p 2

/Article by Chairman of the Estonian SSR State Committee on Prices Yu. Vladychin:
"The New Wholesale Prices and Production Efficiency"/

/Text/ As is known, on 1 January 1982 new wholesale prices for industrial products and rates for electric power and thermal energy are being put into effect. The work on improving wholesale prices and rates in industry was performed in conformity with the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality."

It is necessary to note that the prevailing pricing system in our country as a whole is fulfilling the tasks set for it. At the same time the development of the national economy and the higher level of the planning and management of the economy are raising for planned pricing the task of taking an active part in the solution of important socioeconomic problems of mature socialist society. This also dictates the need for planned pricing to enter a qualitative new stage of its development.

The current wholesale prices for the majority of types of products have not been revised for about 12 years and in many ways are obsolete.

During this time in some sectors the production costs have decreased as a result of technical progress--in electronics, in some sectors of machine building; in others, first of all the fuel, power and raw material sectors, for a number of reasons they have increased. In the fuel and mining sectors the process of the complication of geological mining conditions of the extraction of petroleum, gas, coal and ores in previously developed regions of the country is occurring, as a result of which the cost of their extraction is increasing. The costs are also increasing in connection with the development of the northern regions of the country, to which the center of the extraction of many types of fuel and raw materials has shifted.

The current wholesale prices in a number of sectors have ceased to correspond to the production costs, do not reflect them accurately enough and, thus, do not create the necessary cost accounting conditions of the activity of enterprises.

Pricing organs jointly with the ministries and departments during 1979-1981 did much work on the revision of wholesale prices. In particular, the Estonian SSR State Committee on Prices jointly with the ministries and departments drew up and

approved 101 wholesale price and rate handbooks, which cover the prices for 22,500 items.

The new wholesale prices being put into effect on 1 January 1982 have been brought in line with the changed expenditures on the production and sale of products. For the purpose of increasing the economic soundness of prices a careful check of the tentative prices, which were submitted by industrial ministries to the Committee on Prices, was made. The introduction of the new wholesale prices will ensure the profitable operation of the sectors of industry for an overwhelming number of enterprises and associations and will promote the effective use of other economic levers. The conditions are being created for the use of the economic mechanism of stimulation and cost accounting on the basis of invariable assignments of the five-year plan and long-term standards of the stimulation and regulation of the economic operations of enterprises, which are aimed at the increase of production efficiency. The new wholesale prices are being kept stable until the end of the five-year plan, which is of great fundamental importance. First, the stability of the value indicators is ensured and, second, the results of the increase of production efficiency and the decrease of the production cost will be fully reflected in the results of the economic operations of the enterprises which are the producers of the corresponding product.

During the work on the new wholesale prices jointly with the Estonian Republic Administration of the State Committee for Standards steps were taken on the revision or reapproval of the standards and specifications of the production of products. This was done in order not to permit the inclusion of obsolete items in the new price lists. Moreover, the level of more than 25 percent of the republic standards and specifications of the total number of the standard technical specifications to be revised was increased.

During the elaboration of the new prices and rates steps were taken to enhance their stimulating role in the economy of material resources, the acceleration of scientific and technical progress, the increase of product quality and the complete extraction and thorough processing of the useful components of mineral raw materials.

Thus, when revising the wholesale prices in the construction materials industry the stimulation of the output of advanced, highly efficient items, the use of which in construction will provide an economy of labor and material expenditures, was envisaged. The territorial differentiation of the prices for construction materials was improved, which will be conducive to the more efficient location of the enterprises of the sector.

A higher profitability was established for advanced, more economic and higher quality items and products, for which the national economy is experiencing the greatest need. In machine building the standard of profitability for spare parts for machines, equipment and instruments is 1.4- to 1.8-fold higher than for other products.

The stimulation of the enlargement and updating of the assortment of items in conformity with the demand of the population, the improvement of the quality and appearance of goods and the increase of the output of items of the children's assortment is called for in light industry.

A higher profitability has been set in the wholesale prices for yarn and thread of large sizes, for fashionable fabrics (velveteen, velvet, denim fabrics) and fabrics with an improved finish. The output of higher quality, stretch leathers and fashionable footwear is also being stimulated. The differences in the labor-intensity of the production of various models of items are taken into account to a great extent in the wholesale prices for knitted outerwear and underwear.

Standard parametric price lists, which ensure the precise accounting of the expenditures and the possibility of determining the prices for new types of products directly at enterprises, have been drawn up for knitted outerwear and leather haberdashery items.

Fixed wholesale prices are being introduced for the products of the fish industry, for which wholesale prices were previously not used. The new wholesale prices for these products will provide the necessary profitability and will promote an increase of the quality of items and the more complete and efficient use of fish resources.

For the purposes of stimulating the decrease of the production cost in the case of the development and assimilation of new types of products the USSR State Committee on Prices stipulated that 50 percent of the saving obtained from the decrease of the material and labor expenditures on products of the highest category is taken into account in the incentive price markup, while for products of the first category it is taken into account in the additional profit. Such a procedure has as a goal to ensure for enterprises the profitability of the designing and assimilation of new types of products with a low production cost.

Thus, as a result of the improvement of the wholesale price system favorable conditions are being created for the economic stimulation of technical progress.

At the same time it is necessary to note that the ministries and departments of the republic are not carrying out actively enough the work on the development and introduction in production of new highly efficient equipment and materials, as well as on the increase of the quality of the products being produced and the removal from production of obsolete items. Thus, in the 2 years that have passed since the adoption of the decree on the improvement of the economic mechanism the Estonian SSR State Committee on Prices has not received a single proposal on the establishment of an incentive markup for new efficient products for production engineering purposes. Extremely few markups have also been established for machine building products, which are produced by enterprises of union subordination and the prices for which are approved in the USSR State Committee on Prices. Such products are produced at the Talleks Association, the Tallinn Machine Building Plant imeni I. Lauristin and the Il'marine Plant.

The adoption of standards of the net output, the elaboration of which was carried out at the same time as the revision of the wholesale prices, should promote to a considerable extent the creation of the conditions for the decrease of the materials-output ratio of industrial products. In our republic practically all the ministries and departments of the republic are being changed over to its use in the planning and evaluation of the production operations according to this indicator on 1 January 1982.

It is necessary to note that the increase of the wholesale prices and rates in industry will increase the expenditures in construction and agriculture. The increase

of the expenditures in construction will be taken into account when elaborating the new estimated norms and prices, which are to be put into effect on 1 January 1984.

The additional expenditures in agriculture will be offset by the effect of the system of two price lists for the products produced by agricultural enterprises.

The introduction of higher wholesale prices for industrial products will not cause an increase of the retail prices for consumer goods, at which the population purchases goods in state and cooperative trade.

The improvement of the wholesale prices and rates in industry was carried out without changing the level of the retail prices and the rates for the electric power released to the population.

The rates for the electric power released to enterprises of trade and public dining, as well as for thermal energy for hothouse farms and for the thermal energy which is consumed in heating and supplying hot water to apartment houses and municipal service facilities have been retained for the purpose of decreasing the expenditures of enterprises and organizations which directly serve the population.

For a number of items of light industry (fabrics, footwear, knitwear) and the food industry (sugar, tea, tobacco goods, macaroni), for lumber, standard houses, children's furniture, paper goods and several other goods the expenditures on production, in connection with the increase of the wholesale prices for raw materials and materials, electric power and thermal energy, as well as with the increase of the profit, which is necessary for the cost accounting activity of enterprises, exceeded the current retail prices. This excess in conformity with the government decree and in the procedure established by the USSR Ministry of Finance will be offset for associations and enterprises by a decrease of the contributions from the profit to the revenue of the state or directly from the budget.

The present state retail price policy can be defined as a policy of the stable overall level of prices in conformity with the economically sound policy of changes of the retail prices for some goods or groups of goods to the extent of the change of their quality.

The Basic Directions of USSR Economic and Social Development for 1981-1985 call for the consistent pursuit of the policy of the assurance of the stability of state prices for basic foodstuffs and nonfood consumer items.

The decrease of the expenditures on the production of output is one of the necessary conditions for the assurance of the stability of the retail prices for consumer goods. The consistent implementation of the policy of the stability of retail prices for basic foodstuffs and nonfood consumer items is a major and complicated task which encompasses a large group of problems. This circumstance is posing for the ministries and departments, which produce consumer goods, a number of demands which should be rigorously met. They are, first of all, the assurance of a stable or decreasing level of expenditures on the production and sale of products, which results from the increase of labor productivity, as well as a steady increase of the production volumes of consumer goods, the enlargement of the assortment and the increase of quality in conformity with public needs.

On their part the pricing organs are strictly seeing to it that the prices for new industrial goods would be economically sound, that is, would interest industry in the rapid updating of the assortment and the increase of the quality of products, but at the same time would be accessible to the main consumer of these goods. At the same time the requirements that new types of products according to their qualitative characteristics and properties would be superior to previously produced similar goods and would contain an element of novelty, are coming to the forefront.

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INDUSTRIAL DEVELOPMENT AND PERFORMANCE

FUNDAMENTAL RESULTS OF USSR'S ECONOMIC, SOCIAL DEVELOPMENT FOR 1976-1980

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 5, 1981
pp 33-35

[Article by Lev Volodarskiy, chief, TsSU SSSR [USSR Central Statistical Administration]]

[Text] The report by L. I. Brezhnev, general secretary of the CPSU Central Committee, at the 26th Congress of the Communist Party of the Soviet Union, presented an in depth, comprehensive analysis of the major accomplishments of the Soviet people in the 1970's and the 10th Five-Year Plan and revealed the broad perspectives for communist construction in our country, for the development of international cooperation, for the struggle for peace and social progress.

The Soviet Union's successes in the realization of socioeconomic tasks were in large measure predetermined by the results of the fulfillment of the 10th Five-Year Plan. "The CPSU Central Committee," Comrade L. I. Brezhnev stated at the congress, "sees the social and political meaning of these results in the fact that the entire system of social relations and our socialist way of life have continued to improve on the basis of the steady upswing in the economy."

Between 1976 and 1980, the development of the nation's economy was entirely in line with the course plotted by the 25th CPSU Congress. This course is aimed at raising the material well-being and cultural level of the people on the basis of the dynamic and proportional development of social production, the increased effectiveness of social production, better quality work, accelerated scientific and technical progress and higher labor productivity.

The implementation of the decisions of the 25th CPSU Congress during the years of the 10th Five-Year Plan enhanced the country's production and scientific-technical potential and improved the material well-being of the people. This is shown by data presented in Comrade L. I. Brezhnev's report at the congress.

Results of the development of the national economy under the 10th Five-Year Plan show that the USSR has made significant progress in all directions of economic and cultural construction.

The social and economic system of developed socialist society reveals more and more completely the enormous advantages of the most progressive system in the world, of a planned economy and of the socialist way of life.

The Soviet Union's accomplishments under the 10th Five-Year Plan are the result of the selfless labor of the working class, the kolkhoz peasantry and the intelligentsia. This enormous creative effort vividly revealed the leading and directing role of the Communist Party of the Soviet Union.

Between 1976 and 1980, there was growth in all branches of the national economy and further successes were scored in the creation of the material-technical base of communism and in improving the Soviet people's well-being.

During those years, national income used for consumption and accumulation surpassed the 2 trillion ruble mark and increased by 400 billion rubles compared with the 9th Five-Year Plan.

The value of fixed capital in 1980 amounted to 1.7 trillion rubles and increased 1.4 fold during the 5-year period.

The volume of industrial and agricultural output increased significantly. During the years of the 10th Five-Year Plan, industrial output was 717 billion rubles higher and agricultural output was 50 billion rubles higher than under the 9th Five-Year Plan.

The progressive development of the Soviet economy was primarily based on the increased effectiveness of production and especially on the growth of labor productivity. This factor was responsible for most of the increase in national income, for most of the increase in industrial output and for all growth in agriculture. The productivity of social labor increased by 17%.

Basic Indicators of Economic and Social Development of the USSR Under the 10th Five-Year Plan Compared with the 9th Five-Year Plan (average annual levels; billions of rubles in comparable prices)

	9th 5-Yr Plan	10th 5-Yr Plan	10th 5-Yr Plan in % of 9th 5-Yr Plan
Gross social product	769	989	129
National income used for consumption and accumulation	329	409	124
National income resources channeled into consumption and nonproductive construction	258	325	126
Industrial output	438	581	133
Agricultural output	113.7	123.7	109
Capital investments	98.6	126.8	129
Freight turnover in all types of transport (billions of ton-kilometers)	4625	5833	126
Retail trade turnover	191.4	246.1	129
Social consumption funds	78.6	105.4	134

The branches that determine technical progress developed at a relatively more rapid rate. Given the 24 percent increase in overall industrial output, the volume of production in machine building and metalworking increased 1.5 fold; in instrument making--almost 2 fold; and in computer production--2.4 fold. The production of chemical and petrochemical products increased at a rapid rate.

The fuel-energy complex underwent further development. In 1980, 1295 billion kilowatt-hours of electric power were produced (256 billion kilowatt-hours more than in 1975). The share of atomic energy increased significantly. Petroleum production (including gas condensate) amounted to 603 million tons. Natural gas production developed at an accelerated pace; 435 billion cubic meters of natural gas were produced in 1980. The increase in natural gas production during the five-year period was 146 billion cubic meters.

The steady growth of heavy industry was accompanied by the expanded production of consumer goods. Consumer goods production increased by 21 percent during the five-year period including a 41 percent increase in the production of consumer durables. The product mix has been diversified and product quality has been improved.

Progressive types of machines, equipment and instruments were developed on a broad scale. During the 10th Five-Year Plan, an average of 3500 new industrial products were developed and mass produced each year. The introduction of modern technology and the implementation of measures related to the scientific organization of labor accounted for approximately 80% of the total increase in labor productivity in industry.

Between 1976 and 1980, much attention was devoted to the creation and development of territorial production complexes that play an important part in supplying the country with the major types of industrial products.

In accordance with the agrarian policy of the CPSU, agriculture underwent further development and its material-technical base was strengthened. In 1976-1980, capital investments in the entire complex of works in the branch comprised more than 170 billion rubles or more than 27 percent of total capital investment in the national economy. Agriculture received 1.8 million tractors, more than 1.3 million trucks and approximately 540,000 grain combines. Chemicalization proceeded at a fast pace: approximately 390 million tons of mineral fertilizers were applied to the fields. This was almost 90 million tons more than under the 9th Five-Year Plan. Energy per worker rose 1.4 fold.

Notwithstanding adverse weather conditions for 3 years, agricultural output in 1976-1980 increased by nine percent compared with the 9th Five-Year Plan. The average annual grain harvest during the 5-year period reached 205 million tons for the first time compared with 182 million tons in the preceding 5 years. There was an increase in the production of meat, milk, eggs, cotton and other products. This made it possible to increase the per capita consumption of foodstuffs.

A large-scale construction program was carried out during the years of the 10th Five-Year Plan. A powerful construction industry with highly productive machines and mechanisms was created. Capital investments in the national economy during the 5-year period amounted to 634 billion rubles or 141 billion rubles more than in the preceding 5 years. This made it possible to expand and renovate the nation's productive capital by 38 percent, including 36 percent in industry and 47 percent in agriculture.

More than 1200 large industrial enterprises were put into operation. Hundreds of facilities were retooled and rebuilt on a new technical footing. State capital investments in this area were two times greater than under the 10th Five-Year Plan.

The Zaporozhskaya and Uglegorskaya TES and the Nurekskaya and Zeyskaya GES reached full rated capacity. The Sayano-Shushenskaya GES, the Kurskaya and Chernobyl'skaya AES, and Ekibastuzskaya GRES-1 were put into operation. Construction work was successfully completed on the "Bogatyr'" colliery (the largest in the world), on the Northern GOK /mining and concentration combine/, on the Kamskoye Heavy Truck Association, and the "150" rolling mill at the Beloretskiy Metallurgical Combine imeni M. I. Kalinin.

The first phase of the Nikolayevskiy Alumina Plant, the Mazheyskiy and Pavlodarskiy oil refineries, and the first phase of the Volgodonskiy "Atommash" Plant have been put into operation.

More than 500 consumer goods production enterprises have been built. Among them: a woolen mill in Krivoy Rog, the Andizhanskaya Spinning and Weaving Mill, the Kurskiy Tannery, the Dobrinskiy Sugar Refinery, meat-packing combines in Volgodonsk and Zhlobin, dairy combines in Kishinev, Tomsk, Odessa and Alma-Ata, and many others.

Numerous housing and service facilities have been put into operation. Facilities for the 1980 Summer Olympic Games in Moscow were built and rebuilt. Many of them are unique and without counterpart in domestic and foreign construction.

All types of transport and communication underwent further development and their technical equipment has been improved. The role of pipeline, sea, motor and air transport has been elevated. A total of 3400 kilometers of new railroad track were put into operation. The Baikal-Amur Railroad is being successfully built and 2000 kilometers of main tracks have been laid, including 600 kilometers that have been put into permanent operation.

A broad program of social measures for further improving the well-being of the Soviet people has been carried out on the basis of economic growth and the increase in the effectiveness of production. The population's incomes have steadily grown. The state has taken important steps to raise the wages of blue and white collar workers. Kolkhoz workers' incomes have increased.

Between 1976 and 1980, the allocations from national income to raise the people's living standard were 334 billion rubles greater than in 1971-1975. This made it possible to increase the population's real incomes significantly, to satisfy the Soviet people's material and nonmaterial requirements more completely, and to improve their working and living conditions.

In 1980, the average monthly wage of blue and white collar workers in the national economy was 168.5 rubles compared with 146 rubles in 1975 or almost 16 percent higher. Wages of kolkhoz workers increased by 26 percent.

One major social measure--the raising of the basic wage scales and salaries of persons working in the nonproductive branches--was completed. The wages of 31 million blue and white collar workers were raised as a result. There were wage increases for certain categories of personnel in ferrous and nonferrous metallurgy, in the coal, shale and textile industry, in construction, in agriculture, and in rail transport.

As in past years, there was no unemployment in the USSR. There has been full employment for the population. There was a manpower shortage in some parts of the country.

The role of social consumption funds which finance free education, medical care, pensions and other social measures was accentuated. The volume of payments and benefits from social funds during the 10th Five-Year Plan was 527 billion rubles or 34 percent more than in the preceding 5 years. Per capita payments and benefits from these funds increased to 438 rubles in 1980 compared with 354 rubles in 1975.

There were improvements in benefits for participants in the Great Patriotic War and in pensions for kolkhoz workers and certain categories of personnel in a number of branches of the national economy. Norms were raised regarding expenditures on nutrition and on the acquisition of drugs in health care institutions. The practice of issuing textbooks free of charge to pupils in grades 1-5 of general education school was instituted. Many other social measures were carried out.

On the whole, real per capita income increased by 18 percent during the quinquennium.

The volume of consumer goods increased and the consumer goods mix expanded. The personal service sphere underwent further development. Retail trade turnover during the 5-year period rose by 24 percent. The sale of nonfood commodities increased at a more rapid rate compared with the overall volume of trade--by 30 percent. The sale of foodstuffs increased by 19 percent.

The volume of personal services in 1980 amounted to 7.8 billion rubles, which was 43 percent more than in 1975.

Continuous attention was devoted to improving the working people's housing conditions. In 1976-1980, 530 million square meters of housing or more than 10 million new, well-appointed apartments were built. Housing conditions have been improved for more than 50 million persons. Capital investments in housing amounted to 87.2 billion rubles or almost 15 percent more than in 1971-1975.

There was further progress in education, culture, health care and sport. More favorable conditions have been created for the population's recreation. Universal secondary education of youth has become a reality. During the 10th Five-Year Plan, more than 25 million persons received secondary (general and specialized) education (33 percent more than under the 9th Five-Year Plan). The training of skilled cadres was significantly expanded. Higher and secondary specialized education institutions trained 10 million specialists. Vocational-technical education institutions were completed by 12.5 million persons.

The quality of medical care improved. The number of physicians increased from 834,000 in 1975 to one million in 1980. The ratio of physicians per 10,000 population in 1980 was 37.2 compared with 32.6 in 1975. The number of hospital beds per 10,000 population increased from 118 in 1975 to 125 in 1980. Medical care was also improved in rural areas.

The network of sanatoria, rest homes, preschool institutions, Pioneer camps, and Pioneer and pupil centers has been expanded. Every year more than 50 million persons enjoy the facilities of sanatoria, rest homes and tourist camps.

Environmental protection measures have been carried out on a broad scale. The related expenditures increased 1.5 fold in 1976-1980.

In addition to the great accomplishments that evoke the justifiable pride of the Soviet people, the CPSU also clearly sees the difficulties, shortcomings and unresolved problems. We must decisively eliminate obstacles to economic growth.

On the whole, the 10th Five-Year Plan is a new, important stage on the road to communist construction. The Soviet Union entered the 1980's with a mighty economic and scientific-technical potential, with a highly skilled work force. The frontiers attained in economic and social development will make it possible to solve new, larger problems.

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INDUSTRIAL DEVELOPMENT AND PERFORMANCE

ROLE OF PRODUCTION SPECIALIZATION IN REDUCING SCATTERING

Novosibirsk EKONOMIKA I ORGANIZATSIYA PROMYSHEL'NOGO PROIZVODSTVA in Russian No 11, Nov 81 pp 3-22

[Article by Doctor of Economic Sciences Yu. V. Subotskiy, Economics Institute, USSR Academy of Sciences (Moscow): "Branch Production and Departmental Disconnectedness"]

[Text] In the CPSU Central Committee Accountability Report to the 26th Congress of the Communist Party of the Soviet Union, Comrade L. I. Brezhnev said: "Each branch faces its own pressing tasks and specific problems. But there are problems encompassing all spheres of the national economy, primary among them, that of completing the changeover to a primarily intensive path of development.... Planning, scientific-technical and structural policy must be subordinated to resolving this task. Management methods and policy must also work towards effectiveness."

The branch or, more accurately, departmental-branch principle has been made the basis of socialist social production organization and management. Incomplete use of those advantages inherent to it and to its combination with territorial interbranch and target-program approaches, scattering the production of similar output among enterprises of various ministries, and the tendencies towards a barter economy lead to a lowering of the levels of production specialization and concentration and make output more expensive. This is one of the manifestations of departmental disconnectedness, whose elimination has been anticipated in the "Basic Directions of USSR Economic and Social Development in 1981-1985 and Up To 1990."

Today, many "pure" branches palpably do not coincide with economic ones. The proportion of items not the specialties of the ministries producing them is estimated to be approximately 18 percent of total national economic gross output. For individual ministries, this indicator is two- to 2.5-fold higher. The level of branch centralization is relatively low in the production of instruments, means of mechanization and computer equipment, sulfuric acid, polyethylene, fiberglass, plastics, wood, lumber, nonore building materials, porous aggregates, linoleum and canned goods.

A significant number of ministries and departments produce cast steel and iron, machine tools and forging-pressing equipment, construction and roadbuilding machinery, technological equipment for food industry, cutting tools, equipment for stockraising, reclamation equipment and plastic products. Lift-transport equipment is produced by enterprises of 40 ministries and departments; vehicle-mounted cranes are produced by 12, conveyors by 18, ground-type transport by 11, light-duty hoisting equipment by 30 ministries. Equipment for light industry is manufactured by 18 departments, and

this output occupies 2-3 percent of the total output volume of each. The release of six percent of the bearings is scattered among plants of 18 ministries. Enterprises of 36 ministries manufacture industrial pipe fittings, and the Ministry of Chemical and Petroleum Machine Building accounts for only 58 percent of the total output of metal sections. Plants producing prefabricated reinforced concrete components and items (of which there are about 4,000) are run by 90 ministries and departments of union and republic subordination. Technological fittings, basically for one-time use, are produced by approximately 4,200 tool shops in plants of various ministries. Only about 20 percent of the production of standard fittings is centralized. The scattered nature of the production of cultural and personal-services goods and household appliances has been written about repeatedly. Many ministries produce household electrical appliances, do independent planning and design work and use nonstandardized subassemblies and parts; more than 20 plants in 12 ministries manufacture home meat grinders, each in small series....

The concentration and specialization done in a number of branches has reduced the scattering of similar production somewhat. Unfortunately, a number of industrial branch management general plans anticipate only an insignificant rise in the proportion of output for which the branch is specialized, and some are even permitting a reduction in this indicator. For industry as a whole, the share of production at nonspecialty enterprises is increasing.

During 1963-1977, the proportion of machinebuilding ministries in the total number of ministries producing machine tools and forging-pressing machinery decreased from 59 to 55 percent. "Secondary machinebuilding" capacities are growing. Enterprises of the USSR Ministry of Construction, Road and Municipal Machinebuilding have 4.5-fold fewer machine tools than do enterprises in branches consuming its output (construction, building materials industry, water management, and so on). The machine-tool inventory of the Ministry of Chemical and Petroleum Machinebuilding approximately equals that of the Ministry of Chemical Industry. Upwards of 1.7 million metal cutters are in repair subdivisions which are part of non-machinebuilding ministries. A significant number are scattered among enterprises of meat and dairy industry (7,000), food industry (13,000), light industry and other branches.

The volume of technological equipment (special machine tools, forging-pressing machinery, equipment for foundries), means of transport, devices, fittings and tool production in tractor and agricultural machinebuilding is growing intensively. A similar trend is characteristic of automotive industry. Here, production is increasing of a broad products list of machinery and equipment to meet its own needs -- metallurgical, lift-transport, painting, assembly lines, and many types of grinding, sharpening and gear-cutting machine tools, hydraulic, pneumatic and mechanical presses.

This scattering distorts the production structure of regions and gives rise to parallelism and the fragmentation of production processes. Thus, along with large machinebuilding and metalworking plants, the Central Urals has about 100 small plants subordinate to non-machinebuilding ministries. The average output per worker at such plants is 1.3-fold lower than analogous indicators for machinebuilding of the Central Urals as a whole, and return on capital is 1.5-fold lower. Extensive duplication in releasing similar output is characteristic of industrial enterprises of various ministries in Moscow: enterprises of five ministries and departments produce forging-pressing machinery, electric motors -- four, technical instruments --

five, spare parts for automobiles -- five, synthetic resins and plastics -- six, lumber -- 13, prefabricated reinforced concrete components and parts -- 11 ministries. A large number of enterprises and shops in the nonspecialty ministries are small, with a low level of technology and production organization.

The scattered nature of branch production is generally accompanied by poorer specialization and reduced efficiency. Nonspecialty output is most often produced in small volume. Thus, whereas 160 plants of the Ministry of Construction, Road and Municipal Machinebuilding account for 82 percent of the total production volume for construction and roadbuilding machinery, the remaining 18 percent is manufactured by more than 400 enterprises of other branches. In the specialty ministry, each unit of machinery accounts for six- to nine-fold more output than at nonspecialty plants.

The level of technical equipment is often low in nonspecialty links and less-productive multipurpose equipment is used. The readjustments cause much idle time. The small production volumes hinder improving technology. Labor productivity averages two-fold lower and output net cost is considerably higher than in specialized production. For example, subassemblies, parts and spare parts for machinery for light and food industry manufactured at enterprises of consumer branches are two- to 2.5-fold more expensive to produce than at enterprises in specialized branches. Losses from inefficient production organization at plants of various branches drawn into producing machinery and equipment for stockraising and feed production were approximately 600 million rubles in the 10th Five-Year Plan.

Scattering branches makes it harder to plan their development and conduct a unified technical policy. Herein lies one of the primary causes of the unjustified growth in the products list of unique components, identical types of output and nonstandard subassemblies and units, which hampers production specialization. For example, more than 200 different types of lubricant pumps are produced here, some one-of-a-kind; the products list of piston rings is 5-10 times larger than in developed foreign countries, and so on.

Inadequate branch production centralization intensifies the scattering of capital investment, delays the utilization of production capacities and makes their use less effective. Moreover, the output distribution system is made more complex. To give just one example: the Soyuzglavtyazhmash, attached to the USSR Gosstab, distributes 2,312 types of machinery and equipment produced by 700 plants of 50 ministries and departments. Under these conditions, can the potential of suppliers be studied carefully and can careful work be done on an efficient products-assortment load on production capacities or on monitoring deliveries? Finally, the low level of branch production specialization diminishes the responsibility of the ministries for providing the national economy and the population with needed output at lowest cost.

A majority of the "scattering" phenomena in producing similar output are caused themselves by shortcomings in organizing industrial production, in planning, management, material-technical supply and the effects of bureaucratism and localistic tendencies.

However, stating these circumstances does little. There are deeper factors: imbalance in the economy, strain in the exchange mechanism and a scarcity of resources. Elements of disproportionality are intensified under the impact of dynamic shifts in the structure of social needs, by intensive differentiation of the branch structure and uneven development of the branches.

Thus, the active process of branch differentiation and growth in the number of branch management systems complicate the interaction of related production and give rise to a tendency towards "self-supply." Outstripping growth in the most important, priority branches is often accompanied by inadequate development of others, causing a scarcity of their output and leading to the creation of nonspecialty capacities at consumer-branch enterprises. The accelerated growth of priority branches sometimes leads to comparative narrowness in the available personnel of specialized enterprises. These difficulties are overcome by the creation of shops and sectors at enterprises of other branches. Nonspecialty subdivisions also arise as a result of constant expansion of the products list, which significantly outstrips growth in the number of new enterprises in the specialized branch.

Among the most important reasons for the scattered nature of production of similar output is imperfections in the economic mechanism. Essentially, the status of branch centralization shows how this mechanism responds to the deepening division of labor, to shifts in the demand structure and expansion of the output products list, the extent to which it is successful in raising the level of specialization and interbranch cooperation, and in which measure production balance is ensured. Overcoming branch scattering is essentially a problem of perfecting the economic mechanism.

Sight must also not be lost of the natural tendencies of production to disperse. The enlisted enterprises of different ministries play a large role in resolving a number of national economic tasks. They produce machinery, equipment, spare parts and other material-technical means for agriculture and the bulk of the cultural and personal-services goods and household appliances.

According to the 11th Five-Year Plan, consumer goods production is to increase by 27-29 percent and cultural and personal-services goods and household appliances -- at least 1.4-fold. Production of these same goods in Group "A" branches will increase 1.7- to 1.9-fold in radio industry, 1.5- to 1.8-fold in means of communication industry, 1.8- to 1.9-fold in electronics industry, 1.4- to 1.6-fold in chemical industry, 1.4- to 1.5-fold in aviation, automotive, light, food and electrical engineering, ferrous metallurgy and machinebuilding, and 1.3- to 1.4-fold in tool making, building materials industry, timber and wood processing industry.

Special mention should be made of one other cause, the close integration of the technologies of different branches, which is being intensified under the impact of scientific and technical progress. As a result, certain types of production are losing their branch isolation and are being integrated into the processes of other branches. One example would be chemical technology, which is finding broad interbranch application. Certain branches, and foremost ferrous and nonferrous metallurgy, are becoming major manufacturers of chemicals. The integration of technologies of different branches is an effective form of modern production organization.

The reasons for centralizing particular branches thus require concrete evaluation. Three groups of phenomena can be delineated. First are economically inefficient instances of scattering which express shortcomings in production organization and management. They can and must be overcome now. Second, forced practice, which reduces production effectiveness on micro-scales but ensures the major national economic proportions today (as, for example, between the monetary revenues of the population and providing commodities to cover them). Limiting this practice requires considerable development of the specialized branches and will be attainable only in the future.

The third group is an economically substantiated consequence of the interbranch integration of technologies born of scientific and technical progress, or in some instances of the efficient creation of links comprised of different branches or improving the organization of complex production. Let's examine this latter group in more detail.

Links with a different-branches structure are justified first of all given an efficient combination of production due to the systematic or comprehensive processing of raw material and waste. The resolutions of the 26th CPSU Congress note the necessity of comprehensively and more fully extracting and thoroughly processing usable ore components, other raw material and waste, of introducing low-waste or waste-free technology and, on that basis, producing a broad products list of various kinds of output. The affiliation of enterprises need not limit the combining of production facilities.

In machinebuilding, some scale of self-supply with nonspecialty output results objectively from the growth in the diversity of production requirements, expansion of the products list of tools of labor being used, and the individualization of their technological-design parameters. This pattern is exhibited in all countries with well-developed machinebuilding. In the USA, for example, the proportion of interbranch output had dropped from 12.2 to 8.4 percent of the total production volume of branches manufacturing parts, subassemblies, units and blanks between 1947 and 1972. At the same time, the proportion of parts and subassemblies intended for the group of branches increased from 5.4 to 14.8 percent, and those to be used only in individual branches increased from 39.3 to 45.2 percent.

Given the ever-increasing individualization of the consumer designation and the technological-design features of the machinery and equipment, concentrating the release of all the diverse types in a specialty branch (both small-series and single-item production) has been accompanied by negative consequences. First, it is becoming harder to meet the new interests of consumers efficiently. The specialty branch often has neither the necessary scientific and technical stocks nor free capacities to do so. Second, opportunities for quickly embodying the results of applied research and development by consumer-branch institutes and design bureaus are narrowing. Finally, production concentration and specialization conditions worsen. We apparently must concentrate at the plants of specialty branches the manufacture of a basic products list, and primarily that being produced in large series or on a large scale. And enterprises of other branches could more appropriately be enlisted in producing output distinguished by a broad, diverse products list, such as instruments, for example. The exceptional diversity of this output (a products list exceeding 25,000 types), substantial differences in design and manufacturing technology, and limited demand for certain special-purpose instruments justify spreading a portion of the production program among consumer branches. The large products list of items made of nonmetallic materials for machine parts (fiberglass, presswood, commercial ceramics and others) and the specificity of these items do not permit concentrating their production entirely in a specialty branch.

World practice recognizes the effectiveness of manufacturing specialized, unitized machine tools at large machinebuilding plants for their own branch, but using standard subassemblies, parts and other elements to do so. This is significantly cheaper and faster than in a specialized branch. The fact is, production of such subassemblies and parts must be developed. That is the most important condition for intensifying the mobility and flexibility of machinebuilding.

The operation of machinebuilding and metalworking enterprises and production facilities as part of ministries of another specialty cannot, in principle, be considered justified. However, it is sometimes expedient for performing auxiliary functions (producing means of mechanization, fittings and special-purpose spare parts for limited application; to modernize specialized equipment and to do special repairs; manufacturing prototypes of new apparatus and instruments being developed by departmental institutes and design bureaus). The power service of the Ministry of Nonferrous Metallurgy performs broad functions in the area of developing the technical base of nonferrous metallurgy. Its large regional subdivisions develop, manufacture, install and repair specialized equipment and modernize and renovate branch power systems not requiring large expenditures.

Overcoming the scattered nature of interbranch machinebuilding output production is not an easy problem. As part of the Ministry of Machine Tool and Tool Building Industry, the specialty branch includes only 76 specialized plants. Moreover, this output is manufactured by more than 17,000 enterprises of almost all the ministries, and not just machinebuilding ones. The specialized enterprises account for only 1.5 to two percent of the total volume of interbranch items and services. According to available calculations, losses from the high net cost of blanks, hardware, hydraulic conductors, welding apparatus manufactured by nonspecialized shops and sectors are about one billion rubles. It seems the problem must be solved foremost on the basis of a territorial concentration of production at large, specialized plants or base shops meeting the needs of enterprises of various branches in an economic region. The aggregate of such plants could, in the future, comprise a specialized branch.

At the same time, some interbranch output is obviously better made in the consuming branches. This depends on many factors, including the volume and structure of regional and branch requirements, efficient types of specialization resulting from the technological and design features of the items, enterprise distribution factors, and others. Let's say the manufacture of large items gravitates towards the place of consumption, due to the complexity and labor-intensiveness of shipping them. Therefore, when there are no enterprises in a given region specialized to produce such items, their production at a consumer-branch plant is justified.

In a number of instances, the opportunities an enterprise or association has for using its own scientific-technical achievements and production experience to manufacture output which is close in technical design to its basic output but relates to another branch in terms of consumption designation serve as the basis for creating nonspecialty production. This method of organizing production is sometimes called "technology cross-pollination." It permits obtaining a greater impact from the accelerated use of scientific and technical achievements and from the fuller actualization of the potential of institutes and design bureaus, as well as the technological traditions and standards evolved by plants.

One example of such an approach would be the "Uralkhalektrotyazhmash" association's utilization of capsule (deep-well) irrigation pumps. This output is not an association specialty. However, development of this progressive line is permitted by the potential of the high-voltage apparatus institute and large special design bureau in the association and by the considerable production experience and scientific-technical experience accumulated by them.

Nonspecialty production is by no means always nonspecialized or inefficient. Net cost is often lower in a nonspecialized branch than in a specialized one. And, although this is sometimes to be explained by peculiarities in net-cost calculation, the basic cause remains the large scale of nonbasic production, use of improved technology and high level of production organization. The situation is similar with regard to product quality.

We can single out the following grounds for creating different-branch links: a) combining production, that is, combining processes from different branches which are technologically interlinked for the systematic or comprehensive processing of raw material or its derivatives; b) consolidating production facilities of different branches for the purpose of releasing a single end product (as, for example, optical and metalworking production facilities in an optical-mechanics association or electrical engineering and machinebuilding production in an automotive industry association); c) centralizing the production of output of different branches at an enterprise or association if related in terms of technological design (type of production diversification); d) centralizing different-branch units or subdivisions to use production factors jointly, as, for example, an association of sugar refineries and fruit-processing shops which eases the seasonal nature of that production and improve the operation of the power center and other facilities (inclusion of a dairy, brewery, procurement plant and bakery in a food-industry association, with common power and refrigeration systems and a common repair service).

High nonspecialty production indicators can be achieved if it is sufficiently large, not so much in terms of volume of fixed assets and number of workers as in terms of size of specialized capacities. It is important that the size of the demand for the output provide an opportunity to specialize nonspecialty subdivisions and use highly productive equipment efficiently: only on this condition can we prevent the rise of small-scale production, combine consolidation and diversification with specialization and achieve good efficiency.

The development and broad practical introduction of minimum allowable capacities into branch indicator planning is of great importance. They should be set based on the nature of the output, form of specialization and modern equipment parameters. In all cases, it is important that these indicators ensure labor productivity and output net cost at at least the average branch level.

Overcoming the inefficient scattering of branch production is a complex, comprehensive task. The conditions under which it is resolved are dissimilar in different branches. For example, growth in consumer goods production without locating their production at plants of Group A branches will be impossible in the near future. The level of branch centralization must not be raised just on the basis of individual measures and one-time decisions. We need to do a great deal of work on optimizing the structure of industry, on improving interbranch proportions which will ensure satisfaction of social needs and improved efficiency.

It is especially difficult to limit the scattering of branch production where a scarcity has arisen and continues. It is therefore especially important that we determine national economic requirements more fully and reflect them in the plans, that we improve plan balance and overcome scarcities.

The problem of departmentalism, that is, the effort to provide oneself with a variety of output, the closed branch, independence from suppliers and minimal cooperative

ties, deserves close attention. Departmentalism has been systematically criticized and is being fought, but it is tenacious and we have not managed to overcome it. And its negative consequences are very great, so much so that we are apparently not yet fully aware of them.

Departmentalism is in a way the reverse side, the cost of the high position the branch ministries occupy in the management system. Their influence can cause considerable damage if it expresses not a nationwide approach, but a narrow, branch approach. The latter sometimes finds support in the branch planning agencies. It reduces the balance of the economy, gives rise to the practice of top-priority meeting of "own needs" to the detriment of state needs, preserves existing nonspecialty, inefficient production and creates new production of that type. The primary means of overcoming departmentalism are fuller use of the advantages of centralized, planned economic leadership and the intensification of incentives orienting the ministries and industrial associations towards national economic results, including on the basis of branch production specialization.

The planned intensification of branch centralization and specialization demands the development of an effective strategy which anticipates a definite sequentiality of and differentiated approach to resolving tasks in corresponding branches. It can first of all be implemented in those which possess relatively good opportunities for expanding the release of output and, in so doing, freeing other branches from the need to supply their own needs.

In branches needing considerable capital investments, centralization requires a more or less prolonged period and must be part of long-range planning tasks. In such instances, measures retarding the spread of scattering are especially important. Centralizing branch output production in a more limited number of ministries and industrial associations can be a natural stage in this. But where retention of a certain portion of nonspecialty production is unavoidable, we need to take special steps to improve their effectiveness.

In order to implement this strategy, it is important that we substantially increase the controllability of processes involved in the social division and consolidation of labor and change the attitude towards planning production organization. This would be facilitated by the introduction of summary sections on the entire complex of measures in the area of social production organization -- developing its branch differentiation, concentration, consolidation, combining, the branch centralization of production, organizing branch production territorial servicing and others -- into the state five-year plans for USSR, ministry and department, union and autonomous republic, kray, oblast, city and rayon, association and enterprise economic and social development.

Plan implementation would be facilitated by target comprehensive production organization problems, including those by group of similar and related branches, by individual branch and by major economic region (using the experience of the Baltic republic and Belorussian SSR ministries of light industry). It would be appropriate to define in the programs the sources of material-technical and construction-installation supply for specific implementers, the stages and periods of the transformations, the aggregate economic impact of their implementation, and the impact on each participant and consumer. This method would help make planning, concentration, specialization and consolidation more realistic than it is at present. (Bulgaria, for

example, has adopted production concentration and specialization general plans for nearly every branch of the national economy.)

The broader and more detailed development of plan balances, including those for material resources and plans for distributing them, will be of considerable significance in centralizing branch production. It is also important that the indicated task be reflected in the basic indicators of production technical level currently being approved. In particular, we should anticipate assignments on increasing the technological readiness of raw and other materials and semifinished products being manufactured and on expanding the production of output in complete sets. This measure will provide an opportunity for enterprises of consumer branches to curtail ineffective nonspecialty production involved in additionally processing, finishing and assembling output into complete sets. As is known, reducing expenditures in the consuming branch and increasing them in the specialized producing branch enables us to achieve an overall savings. Increased technological readiness and sufficiently broad assembly into complete sets must be reflected in the All-Union State Standards and specifications. It is also important that wholesale prices ensure the reimbursement of manufacturing enterprises for additional expenditures for the indicated purposes.

One senses the necessity of heightening the planning and methods role of ministries which are the lead ministries in producing branch output. A majority of the ministries were invested with the functions of lead ministries back in 1967, but they have not been actualized in practice. The reason is apparently that the specific functions, rights and obligations of these ministries have not been outlined in the management system since that time. In no instance have their recommendations been binding. The economic mechanism in fact has functioned apart from them.

The CPSU Central Committee and USSR Council of Ministers decree of 12 July 1979 on the economic mechanism established the responsibility of the lead ministries for meeting the needs of the national economy for appropriate types of output. In order to make this responsibility real, it seems appropriate to us to entrust these ministries with studying the social need for output of the "pure" branch and making recommendations on developing or eliminating the production of this output in other ministries; working out proposals on a unified technical policy throughout the "pure" branch, in particular, on withdrawing obsolete output from production and utilizing new output, expanding and improving the assortment, and standardizing output and its elements; centralized scientific-technical services for nonsubordinate production facilities through the lead research institutes, planning-design and technological organizations; reviewing planned prices for all branch output, including that being produced in enlisted branches; participation in the products-assortment loading of production of enterprises and shops relating to the "pure" branch by supply and marketing agencies; working out proposals on distributing capital investments for expanding the release of output in the appropriate products list.

Centralizing branch production demands more complete, better-developed management of the products list, which is very large and tends to grow. Currently, industrial output alone numbers more than 12 million products. The 14 most important branches of industry alone produce about four million items, including 2.8 million metal products and 200,000 electrical engineering and cable products. The accelerated and frequently unjustified increase in the number of types of output has a negative effect on production concentration and specialization. Among the measures we consider necessary

to strengthen planned regulation of the products list is dissemination of the experience of a number of ministries (tractor and agricultural machinebuilding, tool building and others) in developing unified normative systems, series and lines of machinery and other output.

Unfortunately, the scope of work in the area of standardizing, normalizing and unitizing items has been inadequate. In machinebuilding, for example, unitization encompasses only 40 percent of all subassemblies and parts. The necessity of broadening branch and interbranch unitization is especially tangible. Reviewing the composition of so called "nonstandard" equipment whose centralized production has not been set up in the specialized branches is of considerable importance.

Finally, planned management of the division of labor demands substantial improvement in statistical reporting on the level of production specialization by ministries, associations and enterprises. In particular, we need to periodically compile branch statistical groupings for a number of specialization indicators (for example, for groups with specialization levels of 50-70 percent, 70-85 percent and 85-100 percent).

Although everything which increases the interest of enterprises, associations and ministries in increasing economic efficiency concerns specialization in some way or other, special measures are also needed. These include improved pricing of output elements being supplied on a cooperative basis, the establishment of size of impact of developing specialization in the plans and material incentives for designers using standard and unitized parts and for enterprise workers for raising the level of series and flow-line production, and so forth.

A new measure, the use of cost-accounting methods in branch and subbranch systems (ministries and industrial associations), requires special examination. The reference is to actualize under present conditions the Leninist concept of using the principle of material interest on a scale of each branch of the national economy.¹ This direction, anticipated by the CPSU Central Committee and USSR Council of Ministers decree of 12 July 1979, must influence the development of branch specialization and interbranch cooperation.

What are the bases for introducing the new cost-accounting mechanism and what are its possibilities?

With the traditional organization, a whole series of branch processes are weakly linked or are not linked at all to the cost accounting mechanism. Its effect extends only to the primary links, the enterprises and production associations. But the development of specialization and cooperation do not depend on the cost-accounting resource possibilities of the primary links, are accompanied by relatively large capital investments and are determined by centralized decisions. This weakens the economic responsibility of the links for carrying out specialization. Moreover, the planning assignments and cost-accounting parameters of the links are based on the production organization which has evolved. Its status, secured in the plan, takes on the appearance of being socially normal. Under these circumstances, enterprises are nearly always indifferent to improving specialization and cooperation.

It is also important that the wage indicators and normatives (wage and incentive fund generation indicators and normatives) do not always reflect their low level of

¹V. I. Lenin, "Poln. sobr. soch." [Complete Collected Works], Vol 44, p 165.

organization. Such an approach to recording individual production conditions has some basis: they evolve independently of the link, which cannot be responsible for them.

But neither does the branch bear economic responsibility. And since no link is materially responsible, inaction or irrational decisions, their authors and consequences, are not always or fully revealed. Thus, organized passivity touches "only" the interests of the national economy as a whole, but are economically imperceptible to either the branches or the associations and enterprises. Here, we collide with the problem of efficiently distributing the concrete interests and incentives in the economic mechanism structure. We need to fully and accurately personalize them, to "emancipate" them structurally and institute a link economic organization such that the links become active bearers of these interests.

The creation of a structural link interested in specializing branch production requires the extension of cost accounting to the corresponding systems of the ministries and industrial associations. This will permit including in the cost-accounting sphere processes being carried out on the basis of centralized decisions and through centralized resources. A sort of "accounting balance" in which expenditures and results associated with the processes of specialization are reflected arises in the branches and subbranches and a "branch current account" for revenues from increased efficiency appears. As a result, the branch can feel the savings achieved as a result of specialization. The branch cost-accounting organization calls forth a reorientation of the branch center: interest in an absence of enterprises not fulfilling plans, and thus in ensuring that these are not taut plans, that they are "achievable," must be replaced by interest in the effectiveness of branch production.

The problem of the reliability of supply and marketing economic ties deserves particular attention. As has been pointed out, interruptions in deliveries are one of the primary factors generating the trend towards self-supply. Ya. B. Kvasha has aptly called nonspecialty subdivisions "insurance capacities."

Among the steps increasing supply reliability is increased material responsibility for interrupted delivery. Much has already been done in this area. However, not enough, it seems. Thus, the practice of granting amnesty to those guilty of failing to make deliveries has not been overcome. Nine of every 10 violations remain unpunished. Actual losses caused by failure to carry out agreements are not fully reimbursed. It is remarkable that some directors do not know of this right, and those who do do not use it. Enterprises are essentially demonstrating their disinterest in monies due them.

Increasing the activeness of the mechanism of responsibility in the sphere of circulation demands that the role of the consumers be increased, that their influence on production be expanded and that unjustified dependence on suppliers be overcome. In fact, in order for the lever of responsibility to be properly applied, the dominant figure in circulation must no longer be the supplier, but the consumer. This will be facilitated, in particular, by the introduction of production planning based on customer orders.

The second group of measures is associated with improving cost-account in the primary links, with intensifying their interest in profit growth on the basis of a normative-share method of distribution. It is also important that material-

technical and construction-installation supply be provided with funds. In particular, the guaranteed comprehensive supply system now being developed must anticipate the prompt "pledging of goods in support of" additional association and enterprise financial resources.

We need to help these links overcome methods difficulties arising in recompensing losses. We should develop normative materials defining methods of establishing the amount of loss and nature of proof supporting the causes of losses. Finally, we should institute a procedure under which state arbitration agencies would, when imposing penalties, establish schedules for actually meeting the obligations not previously met. Upon expiration of these periods, failure to deliver must entail additional fines and the personal responsibility of the leaders involved.

The development of branch specialization is a major reserve for economic growth. Full use of this reserve is a pressing national economic task.

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REGIONAL DEVELOPMENT

TERRITORIAL DEVELOPMENT, SPECIFIC RESULTS VIEWED

Industrial Sectors

Moscow EKONOMICHESKAYA GAZETA in Russian No 3, Jan 82 p 10

[Article by Yu. Tikhomirov and I. Bachilo, doctors of juridical sciences; senior research associates, Institute of State and Law, USSR Academy of Sciences]

[Text] Practice shows that the effort to secure the proper combination of the branch and territorial aspects of management cannot be based on the "cable stretching" principle, on arbitrary increases in the share of various modes of management and planning. The criterion here is securing the comprehensive, planned development of the economy as a unified national economic complex.

"Territorial Concerns" of Ministries

All elements in the branch system of management today must take territorial aspects into account more fully and must effectively interact with territorial organs. After all, they ultimately have a common interest. To be sure, it is not always possible to secure its priority. For example, territorial councils of association and enterprise managers are successfully functioning in the electrical equipment industry. Nonetheless this form of concentration of effort has not yet realized its potential relative to the development of the territory proper: in socio-cultural construction, in the satisfaction of the local population's requirement for consumer goods.

The VPO, the middle link in branch management does not utilize every opportunity in contacts with territorial organs especially when the sphere of their activity concerns the same territory. Thus, of the 203 questions that were examined by VPO councils of managers in the Ministry of the Electrical Equipment Industry, not a single question was devoted to the social development of collectives, to nature conservation, or to local consumer goods production.

Planning should focus more attention on this area. However, the indicators that characterize the territory of a republic, kray or oblast reflect labor and cadres, social development, social development, the rational use of natural resources, capital construction, and consumer goods production and are scattered among the various sections of the branch five-year plan. In our opinion, its structure should make provision for a summary section of corresponding indicators. This will ensure the closer coordination of branch and territorial aspects of management.

For example, it is important that the plan specify not only the number and type of construction projects (clubs, hospitals, schools, housing), the volume of financing and funds, but also the organizational forms in which the resources are to be realized, and that it reflect the role of a given branch organ as general builder [general'nyy zastroyshchik], as a participant sharing in the financing. Here it is advisable to take into account the experience of the Interdepartmental Territorial Commission on the Development of the West Siberian Oil and Gas Complex under USSR Gosplan.

All this attests to the need for the further elaboration of the content and forms of the territorial aspect of the branch plan with an eye to coordinating it more closely with the summary plans of republics, krays and oblasts. Regulations on ministries, associations and enterprises should reflect their relations with republic and local territorial organs, should indicate the procedure for examining proposals and disputes and should institute procedures for the realization of integrated tasks.

Lack of Coordination of Documents

The integrated economic and social development of a territory is of national importance. This integration is realized through the interaction of planning organs, ministries and local soviets. The economic management functions of the soviets were broadened by the "Law of the Union of Soviet Socialist Republics on the Basic Powers of Kray and Oblast Soviets of People's Deputies and Soviets of Deputies of Autonomous Oblasts and Autonomous Okrugs" and by the decrees "On the Further Raising of the Role of Soviets of People's Deputies in Economic Construction" and "On the Effort of Soviets of People's Deputies to Secure the More Economical and Rational Utilization of Material Resources." Party organs and social organizations have played a major unifying role.

The realization of the integrated approach is facilitated by plans for the location of the productive forces, by territorial plans for nature conservation, for city planning and urban development; by balances of labor resources, construction materials and fuel; by the land balance and by other documents of this type, in the elaboration of which the local organs play a major part.

However, practice indicates that there is a certain lack of coordination between these documents and that they are not sufficiently taken into account in the process of compiling and executing plans for economic and social development. The draft plans are not always based on the demands of project schemes and other documents. Coordination is frequently "belated" or else is purely formal. It frequently happens that "branch partners" fail to observe their agreements.

Orders to concentrate the administration of housing and municipal services, civil construction, and sociocultural institutions in the hands of the local soviets are being carried out at a leisurely pace. The "division of labor" between territorial and branch organs is still not defined as precisely as it needs to be.

As L. I. Brezhnev has noted, in economic construction there are tasks that the soviets can deal with better than any other agency. The reference is above all to securing a close interrelationship between economic and social development, to the proper combination of the branch and territorial principles of management of the national economy, and to the establishment of effective cooperation between enterprises, institutions and organizations of differing departmental affiliation within a certain territory.

Therefore it is well that cooperation be established between local soviets and ministries in the course of carrying out the plans. Often there are locally generated proposals that must be examined without fail. This is particularly important when local organs raise questions that are of republic or national importance.

Of late, oblast, rayon and city soviets have begun systematically monitoring the observance of laws, the resolution of questions pertaining to land use, nature conservation, construction, and consumer goods production. Heads of enterprises and organizations deliver reports on the course of fulfillment of plans at sessions of the soviets and answer deputies' questions. Success is achieved when the soviet gets to the heart of the matter, makes substantiated recommendations and when associations and ministries react promptly and effectively to them.

How to Define Functions More Precisely

As practice shows, special-purpose programs also promote the realization of such a form of integrated territorial development as territorial production complexes and industrial centers.

The planning of the integrated development of the Krasnoyarskiy Kray economy is based on master plans of industrial centers, on the social passport [sotsial'nyy pasport] of the kray and its administrative units, and on maps of the social infrastructure. This made it possible to raise the level of relations between territorial organs of management and branches.

The Minusinskiy industrial center, which includes enterprises belonging to the electrical equipment industry, has amassed a great deal of experience in the joint work of the ministry and soviet of people's deputies resolving questions relating not only to production problems but also to sociocultural problems, to nature conservation, to the use of labor resources and other problems.

Study and generalization of the experience of a number of such coordination organs and of territorial councils of managers in the kray by the Institute of State and Law of the USSR Academy of Sciences helped territorial organs to improve their work in this direction. The question of creating coordinating councils for territorial production complexes and industrial centers under the krayispolkom and gorispolkoms is presently being resolved and a special department has been formed as a part of the krayplan [kray planning commission]. The institute drafted regulations for these organs and made proposals on modifying the functions and powers of branch organs of management in connection with the organization of territorial production complexes and industrial centers.

Coordination and Stimuli

It is more difficult to resolve the problem of compiling and implementing regional programs with regard to local organs. Experience in the elaboration of such programs for the development of consumer goods production has been amassed, e. g., by Sverdlovskaya Oblast. At the same time, such programs are frequently reminiscent of summary coordination plans. It is advisable to raise the role of Soviet organs in the monitoring of their implementation with due regard to the experience of creating integrated production management systems given tighter monitoring by party committees. Thus the Saratov flaw-free production system and the Lvov quality control system have been widely disseminated in various parts of the

country owing to the planned, creative work of obkoms of the CPSU. The introduction of the integrated system for increasing the effectiveness of production in Krasnodarskiy Kray is also done with the active support of the party kraykom. Today there are coordinating councils for the development of this system under the kraykom of the CPSU; there are councils in rayons and cities, at enterprises and in associations. However experience shows that the interrelations of ministries, whose enterprises have been converted to this system, and of the coordinating councils require more precise definition.

It would be possible to use various forms more fully in order to improve the coordination of branch and territorial management. An example would be economic stimulation that would make the parties more interested in cooperation. In our view, payments to local budgets from the profits of enterprises of higher subordination are a step in this direction. The solution of the question of rewarding the officials belonging to local organs for the attainment of high indicators by all organizations on their territory is also of major importance.

Our research and practical experience indicate the expedience of implementing measures of an organizational character--expanding the "representation of localities" in the collegia of ministries, on councils of managers, on scientific-technical and other councils. In departmental organs, it is desirable to strengthen structural links responsible for the territorial aspect and to strengthen planning commissions at the local level.

Economic Efficiency

Moscow EKONOMICHESKIYE NAUKI in Russian No 10, Oct 81 pp 85-88

[Article by Associate Professor M. Kovtun, candidate of economic sciences]

[Text] Based on the conditions of the first years of socialist construction, V. I. Lenin linked the problem of complexes to the exemplary organization of a "'complex,' even if only on a small scale, but nonetheless a 'complex,' i. e., not just one farm, not just one branch of the economy, not just one enterprise, but a totality of economic relations, a totality of economic exchange, even if only in a small locality."* The country's entire existing national economic complex becomes a "complex" requiring exemplary organization. Stable interrelationships and interdependences of various production facilities in certain territorial production complexes (TPC's) are strengthened within its framework and in accordance with the regularities of its development.

Regional aspects of development of social production determine the formation of the objective economic relations that develop between people with respect to the development of the territorial division of labor, the formation of the territorial structure of social production, specialization and cooperation within the framework of TPC's. This includes relations in the centralized location of the productive forces on the scale of the entire country and the establishment of

*V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], Vol 43, p 234.

the most important proportions in the regional structure of social production. Both society and general and working people in any given TPC with all the branch directions and enterprises forming it are interested in the optimality of the given proportions, in the attainment of the optimum economic results. The specific interests of enterprise collectives remain in force at the same time; a particular type of collective interest that encompasses the individual TPC forms within the framework of the complex. All this must of necessity be taken into account in the solving of modern problems in the optimal coordination of national, collective and personal interests and of all problems in the management of the socialist economy.

In order to provide theoretical substantiation for these solutions, it is necessary to clarify some not entirely defined theoretical principles. First of all, we must understand the implications of a complex. We believe that within the framework of TPC's and branches of the national economy, the complex is the planned, organized regional and branch form of concentration of production that is based on the most effective location of the productive forces, on the rational cooperation of specialized enterprises, on their combination, on the creation of technological and economic relations between them through the joint use of communications, of the production and social infrastructure, the construction of housing, transport arteries, means of communications, service facilities, etc. An industrial complex is the existing community of economic and territorial conditions that are manifested in stable intrarayon and interrayon economic relations based on the branch and territorial division of labor, on specialization, cooperation and combination of production. The territorial production complex usually combines the aggregate of enterprises in various branches of the national economy and includes both specialized as well as allied, ancillary and auxiliary production facilities.

The goal of territorial production complexes (TPC's) is to attain a high degree of economic effectiveness as a result of cooperation and the combination of various production facilities in the process of the integrated utilization of natural resources. The 26th CPSU Congress outlined a vast program of further development of already existing and forming TPC's. Under the 11th Five-Year Plan, their formation will enter a new phase that is characterized by the formation and development of an entire complex of branches and of production service facilities.* New complexes will also form especially in connection with the task posed by the party: "to begin work on the agricultural development of the zone adjacent to the Baikal-Amur Main Line."**

The objective pattern of development and improvement of social production within the framework of TPC's is not solely confined to production processes. It is also associated with important problems of a socioeconomic character since the successful solution of economic problems makes it possible to bring the development of economic regions and living standards in various industrial complexes, oblasts, krays and republics closer together.

*See: "Materialy XXVI s'yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 120.

**Ibid., p 188.

Socioeconomic processes are decisive in the formation and development of TPC's. They express the aggregate of objective cause and effect relations and industrial complexes' inherent patterns that are determined by the system of economic laws governing the communist mode of production. The basic production relation, the goal of socialist production and the means of its attainment are embodied in the development of TPC's. In the system of production relations, the industrial complex is an important "stage" in the country's unified hierarchical economic system. The interconnection and interdependence of the productive forces and production relations are manifested here clearly and in concentrated form. Therefore, TPC's are an important structural elements in which production and other social relations form.

The essence of economic relations within the framework of TPC's is expressed in multifaceted processes. They are the point of origin of relations regarding the rational and effective use of natural, material, financial and labor resources that are directed toward the joint production of use values of the necessary quantity and quality. Close economic relations form between enterprises belonging to the complex regarding the joint use of means of transport and communications, engineering facilities and communications, auxiliary and service facilities, and warehouses, i. e., the production and social infrastructure. The growth of effectiveness of social production based on the integrated use of natural resources comprises the basic economic content of TPC's. Thus, as a regional structural subdivision the TPC expresses a broad circle of reproductive relations in the organization of production, distribution, exchange and consumption and thereby encompasses the basic aspects of production relations.

Socialist production relations permit the planned formation and development of TPC's on the basis of the entire system of economic laws operative in the first phase of the communist mode of production. Their objective relationship within the framework of TPC's is complex and varied. The use of economic laws in the practical development of TPC's raises the social productive force, promotes the growth of socialization, raises the level of concentration of production, improves production and working conditions, and promotes the improvement of socioeconomic relations.

The law of planned development of the national economy in TPC's is the basis of proportionality between branches; between production and consumption; between production and labor, material and financial resources; between the development of production and national income. The substantiation of intrarayon proportions encompassing the complex of socioeconomic processes is an important condition to the formation and development of TPC's. Proportionality in the development of TPC's makes it possible to create such specialization that corresponds to national economic optimality, to the most rational and effective use of natural and labor resources, intrarayon potential and material resources with due regard to the needs of cooperating rayons in order to establish rational economic relations.

TPC's differ from one another in their economic and natural conditions, their volume of production, specialization, level of interdependence, structure of production, transport and geographical position and perspectives of development under conditions of the STR [scientific and technological revolution]. The problem of optimality of TPC's cannot be solved entirely from the standpoint of the interests of individual economic regions. It is necessary to take into account the interests of the national economy on the whole and the demand for national

economic optimality. This is evident on the basis of the all-union TPC that is developing on the basis of the mineral and raw material resources of the KMA [Kursk Magnetic Anomaly].

The Central Chernozem Region where this TPC is forming has major reserves of metallurgical raw materials. Considering the acute need that our country and CEMA member nations have for rich iron ore, the intensive development of the KMA's iron ore basin is of great national economic significance especially if we consider the presence of refractory clays, fused limestones, molding materials, quartzites, and other nonmetalliferous raw materials in this basin.

It is important to increase the annual production of metallurgical raw materials in KMA mines now and in the extended future not only by increasing the mining of rich iron ores but also by working the ferrous quartzites accompanying the rich ores. The work practice of the Mikhaylovskiy, Lebedinskiy and Stoylenskiy mines shows that miners of rich iron ores encounter large quantities of ferrous quartzites which are valuable metallurgical raw materials. The integrated mining of rich iron ores and ferrous quartzites reduces capital investments per ton of iron in commercial ore, sharply increases the volume of production of commercial ore, lowers its enterprise cost of production, and increases the effectiveness of mining enterprises.

In the KMA, it is economically advantageous to include oxidized quartzites in the processing. This is especially important in the light of the solution of the task posed by the 26th CPSU Congress: "to put into industrial use the technology of concentrating and pelletizing oxidized ferrous quartzites."* It is advisable to use some of the oxidized ferrous quartzites that are not amenable to enrichment or that have a low iron content as gravel. Gravel shipped into Kursk and Belgorod oblasts from the outside costs up to 10 rubles per cubic meter while according to our estimates a cubic meter of gravel produced locally from oxidized quartzites will cost less than 3 rubles. The capital investments will be recouped in 2 years; gravel production shops will be highly profitable.

Marlaceous strippings in the Stoylenskiy and Lebedinskiy quarries should be used more widely for the production of cement. Capital investments per ton of annual production of cement here are 18 rubles, taking into account the construction of the second and third phases of the Starooskolskiy Cement Plant; the enterprise cost of production is reduced to 6 rubles a ton, whereas the enterprise cost of production of a ton of cement at the Podolsk plant is more than 11 rubles and approximately 14 rubles at the Tul'skiy plant. In the Central, Central-Chernozem and Volga-Vyatskiy regions of the country, cement consumption will grow to 35-40 million tons a year by 1990. Therefore it is important to increase the capacities of existing cement plants in the Central-Chernozem region based on marlaceous strippings in KMA mines.

Properly organized production relations within the framework of the TPC's permit the territorial siting of enterprises in such a way that transport costs in cooperative shipping would be minimal. This could be done by concentrating cooperating enterprises and by means of intraregional relations.

*"Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], p 151.

The central regions of the USSR are major consumers of metal. However, during the 10th Five-Year Plan, they received only 30 percent of the metal they used from local producers; the remaining 70 percent came from Krivoy Rog, from the Urals, from Siberia and Kazakhstan, and the shipping costs were correspondingly higher. The most effective way to make up the necessary quantity of metal is to build large metallurgical plants in an industrial complex in the vicinity of the raw materials base in the KMA. The construction of metallurgical plants in the iron ore basin of the KMA will improve the cooperative effort of Central regions, will have a positive impact on economic indicators of multibranch machine building, machine tool building and instrument making.

In addition to metallurgical raw materials, the KMA has reserves of other valuable mineral resources that should be used in the creation of a new industrial complex of national significance. Strippings may be used as raw material for the production of silicate brick, limestone, molding material, claydite and pigments. Stripped clays at the Mikhaylovskiy mine are suitable for the production of claydite and claydite-concrete panels. Claydite components occupy an especially important place in rural construction. They are not only reliable, they are also general purpose components that are lighter than brick and other building materials. The use of claydite-concrete components in place of brick reduces the construction time of livestock buildings by 10 percent; housing--by 30 percent; and reduces labor expenditures by 20-25 percent and the cost of construction to 10 percent.

Plans for the construction of open-pit mines should as a rule designate ravines and gullies as the site of refuse heaps, which should subsequently be covered over with black earth and return to agricultural use through recultivation. Under such conditions, the miners would receive the land 'on loan' and after extracting the ore and other mineral resources would return it to farmers for the production of agricultural products.

The rational use of water resources by enterprises in the Central Chernozem is an important problem. The intensive working of deposits together with the open pit mining of rich iron ores increases the volume of underground water that is pumped out. In the Mikhaylovskiy, Lebedinskiy and Stoylenskiy deposits alone, up to 80 million cubic meters of water a year are pumped out in order to drain stripped earth above the ore. In the Yakovlevskiy deposit, up to 20 million cubic meters of water a year will be pumped out of subsurface mines. Some of the pumped out water will be used for the needs of hydrotransport. The rest of the water should be used for irrigation on fruit and vegetable growing sovkhoses that serve the industrial centers of the Central Chernozem Zone.

The further development of the iron ore basin of the KMA: the creation of powerful metallurgical plants; the construction of the Kurskaya and Novovoronezhskaya atomic electric power stations; the construction of railroads and highways; the creation of a complex of construction materials enterprises; the expansion of machine building and metalworking are problems whose solution requires consideration of the aggregate of economic and sociopolitical factors in the process of developing the entire territorial production complex of the Central Chernozem Zone.

The siting of industrial enterprises at rich iron ore strip mines will make it possible to increase labor productivity and to economize on capital investments. The concentration of enterprises on the basis of the integrated use of natural resources excludes the necessity of building separate transport routes for each individual enterprise. At railroad stations, all enterprises will be served by specialized personnel, by loading-unloading mechanisms and by warehouses. The construction of enterprises in one complex will permit the maximum use of a single, technically well equipped construction base. There will be sharp reductions in the cost of building and operating housing, municipal service, personal service, medical and other institutions that serve the working people.

The rational combination of enterprises that belong to different branches but that are interconnected and that complement one another in the same industrial complex or center permits the effective utilization of available male and female labor resources.

The development of industrial complexes is an important factor in overcoming the lack of coordination in the operations of various agencies. The integrated character of production is an objective pattern in the development of socialist expanded reproduction and in increasing its effectiveness.

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Moscow's Development

Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 82 p 5

[Article by L. A. Borisov, secretary of the Moscow gorkom of the CPSU]

[Text] On the eve of the new year, the working people of Moscow reported the fulfillment of the state quotas of the first year of the 11th Five-Year Plan ahead of schedule. This year became yet another major stride toward the solution of problems in the economic and social development of the capital. The entire increase in industrial output was due to the growth of labor productivity. The country has received large additional numbers of motor vehicles, automatic transfer and continuous production lines, numerical program-controlled metalcutting machine tools, and tens of millions of rubles' worth of consumer goods.

Significant results have been attained in the reconstruction and technical retooling of plants and factories. Last year approximately 200 shops and sectors were totally mechanized and automated, over 300 automatic transfer and continuous production lines, thousands of units of highly productive equipment, and a large number of progressive technological processes were put into operation.

The Moscow City Integrated Product Quality Control System was established and is operating successfully. The impact of this system on raising the technical level and quality of output is quite palpable. In 1981, over 1500 products were awarded the state Quality Emblem. With the participation of scientific research organizations, industry developed 1300 new types of machines, equipment, apparatus, instruments, and automated systems.

The mass competition clearly revealed the creative initiative of workers, engineers, technicians and employees of enterprises in the capital. More than 320,000 workers and the collectives of 11,000 shops, sectors and brigades fulfilled their targets for the year by 7 November 1981.

The communist subbotnik devoted to the 40th anniversary of the defeat of German fascist forces at Moscow was a noteworthy element in the fulfillment of the year's targets. Participants in the subbotnik performed exemplary shock work and produced more than they did on an ordinary day. A considerable part of this output was produced from economized raw materials and supplies, from saved resources. Approximately 23 million rubles in wages and profit were transferred to the fund for the fulfillment of the 11th Five-Year Plan by enterprises and organizations.

What the Totals for 1981 Indicate

In the course of the implementation of the year plan, certain shortcomings also came to light. Not all industrial enterprises are operating rhythmically and without interruption. About 30 enterprises are not realizing the projected growth of labor productivity. Some capital associations, plants and factories are not keeping up with their delivery contracts.

The existing shortcomings were described in detail at a December plenum of the city party committee. Thus the reconstruction of some plants was protracted. Enterprises are still operating much obsolete, relatively unproductive equipment. New machine tools and machines are in some cases used to expand the equipment pool rather than replace obsolete models. The result is more and more new workplaces in the shops while the coefficient of shift operation of equipment is less than 1.33.

The demographic situation in the city is developing such that in 1982-1985 the number of persons going beyond able-bodied age will be higher than the number of young people reaching able-bodied age. Therefore the policy of securing the most effective utilization of labor resources and of securing the relatively more rapid growth of labor productivity acquires particular urgency.

It is also necessary to consider the following. As a rule, no new production enterprises are built in Moscow. It is more and more frequently the practice to rebuild existing enterprises without shutting down production and without lowering plan targets.

The intensification of the economy inevitably entails the struggle for higher technical levels and quality of the product. Nonetheless, this effectiveness-enhancing measure is still not used in sufficient measure by some party organizations and heads of enterprises and economic organs. Even though some types of products become obsolete, they are not withdrawn from production.

Party organizations and labor collectives self-critically analyze the results for the year and evaluate their accomplishments in the light of the demands of the November (1981) Plenum of the CPSU Central Committee and the tasks indicated in the speech of Comrade L. I. Brezhnev at the Plenum. Everywhere additional reserves are found for increasing effectiveness, for accelerating the intensification of production on the basis of scientific and technical progress, higher labor productivity, better quality products, and conserved material and energy resources. Socialist competition in honor of the notable event--the 60th anniversary of the USSR--acquires ever larger scope and efficacy.

Counterplans Are Being Developed

The development and adoption of counterplans are one of the time-tested forms of engaging work collectives in the utilization of reserves and in the active management of production.

There are good traditions in counterplanning at Moscow enterprises. As in previous years, counterplans for 1982 are now being developed and discussed. They have their own unique features. While in the past, quite a limited number of the leading enterprises adopted counterplans, the present task is to diffuse their experience and to draw the collectives of all associations, plants and factories to counterplanning.

Another particular feature is the fact that planning and the evaluation of performance are based on the sum of two years of the five-year plan. Whoever lagged in 1981 must make up for this lag in 1982. Counterplans emphasize raising the effectiveness of production.

On 23 December, the party committee approved the initiative of collectives at a number of Moscow's industrial enterprises in adopting counterplans for increasing output, for increasing effectiveness, and for improving the quality of work in 1982.

A decree of the Moscow City Committee of the CPSU emphasized the great significance that this initiative holds for the economic development of the city's economy under the 11th Five-Year Plan and for the successful fulfillment of plans for 1982. It instructed enterprise party organizations to carry out the necessary organizational and mass-political work in work collectives to disseminate the initiative of leading enterprises adopting counterplans for 1982.

Managers of enterprises and organizations are instructed to implement measures and create the necessary conditions enabling each worker, brigade, sector, shop or enterprise to adopt economically substantiated counterplans.

The preceding issue of *ECONOMICHESKAYA GAZETA* described the counterplan adopted by the collective at the Machine Tool Plant imeni Ordzhonikidze. It called for raising labor productivity by 13.3 percent in 1981-1982 and for realizing the entire increase in production volume on that basis.

The collective at the Moscow Auto-Tractor Electrical Equipment Plant (ATE-1) set itself the task of producing and selling 650,000 rubles' worth of industrial output in excess of the target established by the ministry in 1982, of producing 100,000 rubles' worth of consumer durables, of realizing 165,000 rubles in profit, and of increasing the production of products bearing the state Quality Emblem. The counterplan adopted by the collective is based on the better utilization of production equipment, on the more complete utilization of capacities, on higher labor productivity, on the improvement of work methods and techniques, on the standardization of output, on the mechanization and automation of production, and on the introduction of progressive technological processes.

In accordance with their counterplan, workers, engineers, technicians, and employees of the Moscow Radio Plant will produce a million rubles' worth of additional industrial products. In 1982, the plant will begin full-scale production of the "Sokol-109" radio-tape recorder and of "Temp-Ts208" and "Temp-733" color television sets. The collective's high pledges have been reinforced by a complex of measures to improve the management of production, to secure the earliest possible introduction of new machines into operation, to mechanize and automate many labor-intensive production processes, and to apply the latest advances of science and technology in production.

In 1982, machine builders at the "Kompessor" plant will produce 5.8 percent more commercial products than in 1980, which will surpass the initially established target of the ministry. This will make it possible to sell 100,000 rubles' worth of output more than previously planned. The plant's collective pledged to produce 5 refrigeration units in excess of the plan from economized raw materials and supplies.

The collective of the Moscow Calico Mill set a good example. Its counterplan has been reinforced by the improvement of technological processes, by the fulfillment of a complex of measures to improve product quality. The sales plan originally set by the ministry was increased by one million rubles. The enterprise collective competed to economize 300 kilowatt-hours and 4200 gigacalories of thermal power. The collective's high obligations are based on close cooperation with the collectives of scientific organizations.

Counterplans to increase labor productivity, to develop new types of products and to increase the volume of production were also adopted by collectives at the Second Clock Plant, at the Machine Building Plant imeni M. I. Kalinin, at the "Tizpribor" Plant, at a tire plant, at an electrode plant, in the "Zarya" Footwear Association, in Furniture Combine No 3, and other enterprises.

According to preliminary calculations, on the basis of counterplans Moscow industry will produce over 200 million rubles' worth of additional products in 2 years of the five-year plan.

Initiative Requires Support

At the same time, such a very important matter as the drafting and adoption of counterplans is not approached responsibly everywhere. Some managers and party organizations underestimate the total importance of this work and the benefits of counterplanning in the realization of economic and social tasks confronting enterprise collectives. Counterplans are sometimes developed in a slipshod fashion, without regard to suggestions from workers, engineers and technicians, without broad discussion and painstaking economic calculations by the collectives.

Certain branch ministries that fail to convey plan targets to enterprises in good time and as a complex, that do not provide the necessary assistance in drafting and implementing counterplans deserve a certain measure of criticism. Unfortunately, many enterprises still do not have ratified five-year plans. The Ministry of the Automotive Industry, the Ministry of Machine Building for Light and Food Industry and Household Appliances and the Ministry of Chemical and Petroleum Machine Building, and a number of others, are still occupying a passive position regarding the organization of counterplanning. All this restrains the initiative of work collectives in socialist competition for the fulfillment and overfulfillment of quotas of the 11th Five-Year Plan.

In a speech at the November (1981) Plenum of the CPSU Central Committee, Comrade L. I. Brezhnev stated: "...The plan for 1982 must not only be fulfilled, but must also be surpassed." The working people of Moscow will make their worthy contribution to the realization of this national task.

Ukraine's Results

Kiev EKONOMIKA SOVETSKOY UKRAINY in Russian No 12, Dec 81 pp 3-7

[Article by A. Troyan, candidate of economic sciences; chief, UkrSSR Central Statistical Administration]

/Text/ On the basis of an in depth scientific analysis of problems of modern times and the comprehensive assessment of the potential and requirements of developed socialist society, the 26th CPSU Congress elaborated a new program of economic and social development of the USSR in 1981-1985 and the period up to 1990. The principal task in the 11th Five-Year Plan will be to secure the further growth of the well-being of the Soviet people on the basis of the stable, progressive development of the national economy, the acceleration of scientific and technical progress, the conversion of the economy to an intensive path of development, the more rational utilization of the country's production potential, the all-out conservation of all types of resources, and the improvement of the quality of the work.

The current year is the initial year in the fulfillment of the creative program. All Soviet people, closely united around the Communist Party, are working with inspiration to implement the program in an atmosphere of great political enthusiasm and labor zeal. The working people of the Ukrainian SSR are making their contribution to the realization of the principal task of the 11th Five-Year Plan. The Ukrainian SSR is an integral part of the single national economic complex: the economy of the USSR.

All branches of the republic's economy, its oblasts and rayons are undergoing further development as a result of the work performed by party, soviet, economic, trade union and komsomol organs; the selfless work of thousands of leading production workers and innovators; the mass socialist competition; and the patriotic initiatives of the working people.

Total industrial output during 10 months of 1981 increased by 2.9 percent compared with January-October 1980. Labor productivity increased by 2.3 percent during this period. The level of intensification of production rose compared with last year.

Republic industry fulfilled its sales volume quota and surpassed the quota for the production of many of the most important types of products. Above-quota petroleum production (including gas condensate) amounted to 87,000 tons, and a considerable quantity of products in the chemical industry, machine building, the timber and wood processing industry, and light industry were also produced in excess of the quota.

Enterprises converted to the planning and evaluation of activity on the basis of normative net output fulfilled the quota for this indicator and produced tens of millions of rubles' worth of products in excess of the target in 10 months of the current year.

The rate of development was relatively more rapid in the branches that determine to the greatest degree the rates of scientific and technical progress and the level of effectiveness of industrial production: machine building, the chemical and petrochemical industry, the electrical equipment industry, machine tool construction, instrument making, radioelectronics, and machine building for animal husbandry and fodder production. Compared with last year, the production of instruments, automated systems and spare parts for them increased by 7.1 percent, while the production of computers and spare parts for computers increased by 15.5 percent. There was an increase in the production of electric motors, metalcutting machine tools with numerical programmed control, excavators, technological equipment and other important products.

The production of consumer durables is also developing at a rapid rate. Compared with 10 months of last year, the production of motorcycles and washing machines increased by 6 percent; furniture and quality glassware and crystalware--by 5 percent; and tape recorders--by 13 percent.

Measures to improve product quality have been successfully implemented. The production of products in the highest quality category increased by 13.1 percent and their share in total commodity output reached 16.9 percent. At the present time, more than 17,000 products bear the state Quality Emblem.

The product mix has been significantly expanded. In 1981, republic industrial enterprises developed and launched full-scale production of approximately 600 new types of industrial products. Among them: new, economical cold roll-formed sections at the "Zaporozhstal" Plant (developed for the first time in the USSR); bimetallic steel-aluminum wire at the Zaporozhskiy Metalware Plant; the KA-3.6 unit combined with active tools for the pre-seeding cultivation of the soil, for applying mineral fertilizers, for seeding and packing the soil of seeded rows with a width of 3.6 meters (coupled with T-150 tractors) at the Kirovograd "Chervona Zirka" plant; 3411040 (OUM-4) compact vineyard sprayer covering a width of 10 meters in the "L'vosel'khoz mash" Production Association; MR-7 lubricant-coolant for heavy-duty metalcutting operations at the Berdyanskiy Experimental Oil Lubricant Plant; standardized inner tubes for UK-13-02 passenger cars in the Belotserkovskoye Production Association for Tires and Rubber-Asbestos Products, and many others.

Enterprises and associations fulfilled 1248 targets in the state plan regarding the introduction of scientific and technical advances. This raised the effectiveness and efficiency of production in the republic. Industrial enterprises of the Ministry of the Chemical Industry, Ministry of Construction, Road and Municipal Machine Building, and other ministries increased their output with a smaller work force.

There were dynamic changes in the branch structure of industry. The share of basic branches that not only promote technical progress in all branches and spheres of the national economy but that also make more economical use of material and labor resources increased by 0.5 points during the given period. Progressive changes are also characteristic of the intrabranched structure.

Profit in industry during January-September 1981 increased by 1.1 percent compared with the same period in the preceding year. Over 11.5 billion rubles

in state funds were invested in the development of the republic's economy in 10 months of the previous year and almost 7.5 billion rubles of fixed capital were put into operation. At the most important construction projects alone, state acceptance commissions have accepted 66 complexes of special importance, inter alia, to the national economy. New capacities for the production of chemical equipment and spare parts for chemical equipment have been put into operation at the Pavlogradskiy Chemical Machine Building Plant; capacities for the production of metalcutting machine tools have been put into operation at the Odesskiy Precision Machine Tools Plant and the Zhitomirskiy Automatic Machine Tools Plant; capacities for the production of nonwoven fabrics have been put into operation at the Borislavskaya Nonwoven Materials Mill; capacities for the production of knitted undergarments have been put into operation at the Berdyanskaya Knitwear Mill; capacities for the production of whole-milk products have been put into operation at the Genicheskii and Dubnovskiy cheesemaking plants and at the Yaltinskii gormolzavod. Newly commissioned plants and factories include: the Chernomorskaya Poultry Factory in Odesskaya Oblast and mixed feed plants in Kirovogradskaya, Nikolayevskaya and Odesskaya oblasts.

The republic has implemented a broad program of measures to put the party's agrarian policy into practice. The material and technical base of agricultural production has undergone further development. In 10 months of the current year, this branch used 1.9 billion rubles of state capital investments, which made it possible to activate 1.4 billion rubles' worth of fixed capital, including livestock buildings, mechanized minifarms and complexes for 59,600 head of livestock and 152,000 fowl; poultry factories for 370,000 layers and 13.85 million broilers a year; 198.7 thousand cubic meters of silage and haylage storage facilities, etc.; 72,500 hectares of irrigated land and 118,900 hectares of drained land have been put into operation.

This year, agricultural workers harvested grain, sugar beets, sunflowers, potatoes, vegetables, and other farm crops on an organized basis. Farms everywhere used every opportunity to provide social animal husbandry with feed for the winter. Kolkhozes, sovkhozes and interfarm enterprises supplied themselves with seed for spring grain crops and are preparing them for planting.

The plan for sowing winter crops for the 1982 harvest was fulfilled. Fall plowing was carried out over the planned areas and organic fertilizers are being applied to the field at a faster rate than last year.

The work of rail transport improved somewhat. The average daily loading and unloading of cars increased compared with the corresponding period last year and more use was made of the rolling stock. Common carrier motor vehicles hauled 2.6 percent more freight than last year and there was more freight and passenger traffic in 9 months. There was an increase in river freight traffic. Air passenger traffic quotas and basic indicators of the application of aviation in the national economy were surpassed.

All oblasts and the Ukrainian SSR in general performed considerable reforestation and afforestation work, planted gullies, ravines, sandy soil and other unproductive land; and met their quota for greenbelts as reliable protectors of the land against erosion.

The construction of purification facilities will make it possible to treat approximately 1 million cubic meters of sewage a day by the end of the year.

The development of material production created the necessary conditions for implementing the social program. The average monthly wage of blue and white collar workers in the economy in 1981 increased by 2.1 percent compared with 9 months of the previous year and amounted to 157.4 rubles. The wages of kolkhoz workers rose by 4.6 percent. There were increases in payments and benefits that the population received from social consumption funds. The food rations for persons in children's homes, school boarding hostels and other boarding institutions were raised, and a number of additional drugs were made available free of charge to child outpatients.

Total retail trade in state and cooperative trade amounted to 39.3 billion rubles in a 10-month period, which was 3.6% more than for the same period last year. There was an increase in trade turnover at public dining facilities. The quota for the sale of agricultural products purchased by consumer cooperatives for agreed upon prices or accepted on a commission basis was surpassed. The supply of eggs, fish, fabrics, knitted goods, hosiery, footwear and other nonfood commodities produced by enterprises in light industry and in the food industry from state reserves to trade was more than the quota.

The volume of sale of personal services in 10 months of the current year compared with the corresponding period of the previous year throughout the republic increased by 4.5 percent, including a 2.9 percent increase in rural areas.

Housing was built on a broad front. In 10 months of this year, state and cooperative enterprises alone put 6.7 million square meters of housing into operation, which was the equivalent of a city with a population of more than 450,000 inhabitants.

Public education, culture, science, and health care received further development. Public services and amenities were organized in cities and villages.

The first year of the 11th Five-Year Plan in the Ukrainian SSR is characterized by the further development of socialist competition. Its results reflect the higher level of intensification of production, the growth of its effectiveness and efficiency. In 9 months of the current year, republic workers economized material and energy resources: 0.7 million tons of conventional fuel, 1.2 billion kilowatt-hours of electric power; 0.6 million giga-calories of thermal energy, etc.

Many enterprises and associations and hundreds of thousands of leading workers have successfully met their targets for the year. All this indicates that high results in production can be attained through the thrifty use of material and labor resources. Unfortunately, as analysis shows, the principle "Economies must be economical"* is not observed everywhere and hence weighty results are not achieved.

*"Materialy XXVI s'yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, Politizdat, 1981, p 42.

In the period that has elapsed since the beginning of the year, some production associations and enterprises failed to meet their targets for overall production volume, for the growth of labor productivity, for lowering the enterprise cost of production, for profit and profitability. Quotas for the sale of products by enterprises belonging to ministries of the coal industry, ferrous metallurgy, and the construction materials industry, and fruit and vegetable farms have not been met. There was a shortfall in output compared with concluded contracts and orders accepted for fulfillment. There was a lag in the fulfillment of the plan for the production of rolled ferrous metals, iron ore, steel pipe, machinery for animal husbandry and feed production, paper, building materials, fabrics, butter, canned goods and certain other types of products.

There is scattering of capital investments. There are delays in the activation of a number of production capacities, e. g., for the processing of scrap metal, for the production of synthetic dyes, for the production of chemical equipment and spare parts for this equipment, for the production of prefabricated reinforced concrete components and parts, for the production of nonwoven fabrics, etc.

Many enterprises in the republic continue to produce low-quality products that are below the demands of the state standards--a fact that is evidenced by the large number of complaints from customers and the considerable number of repairs under warranty.

There is still a great deal of above-plan idle time of equipment and in a number of cases there is no clearly defined interaction between allied enterprises both within the same ministry and enterprises belonging to a number of ministries. There are intrabranh disproportions that hinder the more complete utilization of production capacities and the strengthening of plan and technological discipline.

Needless losses of working time are still considerable. They work to the palpable detriment of the national economy. This harm is made still greater by worker turnover. Changes of workplace involve substantial losses in industry, in construction, in transport, and in other branches.

The maintenance of surplus workers due to the necessity of sending a certain number of them to perform agricultural work, to organize amenities and services in cities, to vegetable bases, and to perform various other measures can also be regarded as lost work time. Such negative aspects in the organization of production and labor as rush work at certain times, losses of working time, etc. frequently mask the maintenance of an excessive work force.

At the November (1979) Plenum of the CPSU Central Committee, L. I. Brezhnev called particular attention to the need to improve the practice of drawing blue and white collar workers into agriculture. "Of late," L. I. Brezhnev noted, "it has become a common practice for local organs to take people from enterprises and institutions and assign them to various kinds of work--the harvest, procurement, construction, organization of amenities, etc. In some cases this is useful. In others, it is not. But the most important point is that this is accompanied by a great deal of disorganization and mismanagement. Hence, there are major losses of labor, disruptions of the normal work of enterprises, and the striving of their leaders to keep a surplus work force 'in reserve.' The time has come to restore order here, to eliminate the disavowal of personal responsibility and dependency. This also applies to patronage relations in town and country."

Statistical analysis clearly shows that in order to carry out work in the indicated directions, it is first of all necessary to explore the possibility of drawing workers directly from rural areas, from those enterprises and organizations that must perform the given work in accordance with the plan for economic and social development. Only through the scientifically substantiated and planned regulation of the use of labor resources is it possible to secure proportionality in the requirement for manpower and its use in the necessary directions. We see in this the condition to the fulfillment and overfulfillment of all production targets coupled with the substantial reduction in the size of the work force.

In addition to saving working time, it also becomes significantly important to make rational use of material resources. This is a matter of paramount importance. This is all the more true because the scale of social production at the present time has grown to such a degree that in 1 calendar day we produce more than 0.6 billion kilowatt-hours of electric power, approximately 0.6 million tons of coal, over 150,000 tons of steel, approximately 0.5 million pairs of leather footwear, thousands of timepieces, radios, and many other products.* Nonetheless, statistical analysis shows that industrial enterprises, construction sites, kolkhozes and sovkhozes still lose considerable quantities of material resources during their use. Thus, this year enterprises belonging to the UkrSSR Ministry of Ferrous Metallurgy permitted the overexpenditure of electric power and boiler and furnace fuel; enterprises belonging to the UkrSSR Ministry of Light Industry used too much electric power and lumber; enterprises belonging to the USSR Ministry of Power Machine Building used too much electric power, etc.

Losses due to defective production and nonproductive expenditures are still great. Many enterprises and associations fail to cope with the target of lowering the enterprise cost of production.

In an intensive economy, losses in production must be reduced to a minimum or eliminated entirely. A substantial role in solving this important problem belongs to workers in the statistical information system. Their task is raise the analysis of economic and social processes in the republic to a higher level and on this basis, as required by the decrees of the CPSU Central Committee "On the Further Improvement of the Economic Mechanism and Tasks of Party and State Organs" and of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing the Effectiveness of Production and Improving the Quality of Work," to elicit more completely the existing internal reserves for increasing the effectiveness and efficiency of production and to secure their inclusion in national economic circulation. This will make it possible to create a firmer basis for compiling plans for the republic's economic and social development in the next years of the 11th Five-Year Plan and their successful fulfillment.

*"Narodne gospodarstvo Ukrain's'koi RSR v 1979 rotsi" [National Economy of the Ukrainian SSR in 1979], Kiev, Tekhnika, 1980, p 31.

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